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Japan

Official: Super 301 on Wood, Paper 'Unlikely'

OW2609151295 Tokyo KYODO in English 1342 GMT 26 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 26 KYODO — Japanese products are unlikely to be put on a list the U.S. Government will announce Wednesday [27 September] against trade practices subject to possible sanctions under the Super 301 provision of the 1988 Trade Act, a senior official of the Ministry of International Trade and Industry said Tuesday.

Although Japanese wood and paper products were placed on a watch list under the clause last year, the U.S. Government should be aware that the placement resulted from the U.S. paper industry's insufficient supply capacity, the official said.

On the question of foreign access to Japan's photo film market on which Washington wants to start talks by the end of this month, the official said the issue is not subject to talks aimed at a compromise because the United States is complaining that the current market situation, with Fuji Photo Film Co. holding a dominant position, violates the antimonopoly law.

Fuji, Kodak Prepare 2d Round Argument Reports

OW2609151695 Tokyo KYODO in English 1413 GMT 26 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 26 KYODO — Eastman Kodak Co. of the United States will issue a second report in October to step up its antitrust charge against Fuji Photo Film Co., as likewise the Japanese photo filmmaker will do to defend itself, a lawyer for Fuji said Tuesday [26 September]. "We are trying to show facts which are different from the facts presented by Kodak," said William Barringer, a representing attorney for Fuji in its dispute with the U.S. photo film giant.

"For anyone who looks at the facts objectively, we don't think there is any case to be made that Fuji has violated U.S. antitrust law or is doing anything as bad as what Kodak does in U.S.," he said.

At present, there is no other practical way for Fuji to fight back against Kodak, Barringer said in an interview with KYODO NEWS SERVICE, suggesting the two companies' heated public relations battle will continue to grow even hotter.

The showdown between the world's two largest photo filmmakers has been heating up ever since Kodak filed an antitrust case against Fuji with the office of U.S. Trade Representative (USTR) in mid-May. The USTR started investigating the case under Section 301 of the 1974 Trade Act in July.

Kodak circulated a 300-page report accusing Fuji of blocking its competition in the Japanese market, using such practices as resale price maintenance, price fixing and rebate schemes between retail sellers.

Fuji countered with a 500-page report saying the U.S. company had conveniently distorted or ignored facts about the Japanese market to suit its own purposes.

Barringer, one of the main writers at Willkie Farr and Gallagher law firm for the Fuji report, is now visiting Tokyo to collect additional information to assure Fuji's position.

Barringer said Fuji will further examine in the new report the points concerning Kodak's accusing Fuji of being anticompetitive.

Those points include whether or not the distribution bottleneck attributed to Fuji exists in the Japanese market, whether secondary dealers really block Kodak products from smaller retailers, and whether the prices of photographic film and papers are any higher in Japan than in the United States.

The new report will also look more closely at why the U.S. filmmaker has not been more successful in Japan, according to Barringer.

Asked about the reasons for Fuji's overwhelming 70 percent market share in Japan, Barringer defended that it is mainly because of the "home-team advantage" and not because of anticompetitive practices.

Kodak enjoys some 70 percent share in the U.S. market, Barringer said, adding that in the world market, excluding the two companies' home markets, their strength is almost evenly matched.

In the European market, Kodak has about a 40 percent share compared with 23 percent for Fuji, while in the Asian market, Fuji has a 48 percent share and Kodak has 28 percent, he said.

When the dispute started, Kodak Chairman George Fisher suggested at a press conference that Kodak's market share in Japan of about 8 percent against some 40 percent in "every other corner of the world" indicates anticompetitive practices by Fuji in Japan.

As for the future development of the row, Barringer said it will depend entirely on the USTR.

"There is a provision in section 301 that before taking action against barriers in foreign markets, they have to consider whether or not similar barriers exist in U.S. market," Barringer said.

If the USTR pays heed to the provision, it will look at Kodak's practices in the U.S. market. And if it finds any inappropriate behavior on the part of Kodak, the USTR may decide not to impose sanctions on Fuji theoretically, he said, adding this is the point the Fuji camp is trying to get across to the USTR in compiling factual reports.

Nissan Chairman Kume Urges Kantor's Dismissal

952B0209A Kyoto VOICE in Japanese Aug 95 pp 38-47

[Interview with Nissan Chairman Yutaka Kume by Shinji Takeda, TBS economic reporter; place and date not given]

[FBIS Translated Text] **Japan-U.S. automobile negotiations have run against a snag. Why is Japan unable to make concessions? The greatest disputant in the business world gives his frank views, revealing the mind of the "private sector".**

Japan-U.S. relations are in confusion. In airline negotiations and in talks on cars and parts, the United States wields its right hand to threaten sanctions and, at the same time, extends its left hand to seek handshakes. The United States follows this position undisguisedly, and Japan counters it with an "orthodox argument" for what is called the free trade. Due partly to the characters of the negotiators in charge, outsiders often catch a glimpse of emotional bickering. A hawkish position calling for retaliation in case sanction is imposed is emerging on the side of Japan. The situation is reaching a dangerous stage.

In February last year, then Prime Minister Hosokawa thrust a "no" answer before President Clinton and attempted to grope for "relations between grown-ups." This rather appears to have caused confusion in the situation. When "Japan-U.S. relations in confusion" continue, it is expected to have various side effects not only between the two nations but also in the domain of the world trade. It may also bring a dark cloud over the future of the WTO—the World Trade Organization—which was born after consultations for seven calendar years. I have interviewed Federation of Economic Organizations [Keidanren] Vice Chairman and also Nissan Motor Co. Chairman Yutaka Kume on the way post-Cold War Japan-U.S. relations should be and on the world order.

Unforgettable Experience of Success in Semiconductor Negotiations

[Takeda] In the Japan-U.S. Economic Frame Talks which began two years ago, why have the automobile negotiations become complicated to such a degree?

[Kume] The automobile business is a symbolic industry for the United States, and its weight in the economy is also very great. Such is also the case with Japan, and I think that this constitutes the most fundamental reason.

Another reason is that the United States has high-handedly turned this purely economic issue into a political question. I believe that the private sector has politicized this issue to its advantage, and the government, for its part, has used the issue for a presidential election to come, thereby aggravating the issue further.

When we take a look at the process of frictions between Japan and the United States, we will find that the objects of frictions have rapidly been changing from, first, fibers to iron and steel, then to automobiles, and to high technology. This is a matter of course in view of technological progress and industrial advance, but there is another change now taking place. It will be the fact that not only the export but also the import has now become an area of controversy.

Formerly, only the export from Japan was called in question. Therefore, the automobile industry exercised voluntary restrictions for some time. But Japan's import itself has now become an issue. There have been those changes.

[Takeda] What started the Economic Frame Talks was the trade imbalance between Japan and the United States. There is no doubt that the imbalance is large in the area of automobiles and parts. This is a thorn in the U.S. side.

[Kume] I think there is, but my feeling is that the U.S. side intends to find some scapegoat on which to vent their anger. In fact, the issue is an economic one, and so such approach will bring a solution.

Behind the development in which even the import has become an issue is a huge trade imbalance, to be sure. However, the imbalance will not be eliminated simply by solving the automobile question, and there are things to be tackled by both the Japanese and the U.S. sides respectively.

I do not think that the U.S. side is not doing anything at all, but the way toward solutions are not yet in sight there as to, say, how to decrease fiscal deficits and how to raise the people's savings rate. It is only Japan that is attacked, and so there is a thorn in Japan's side, too.

[Takeda] I feel its irritation among mid-level bureaucrats, particularly in the Ministry of International Trade and Industry [MITI]. A sense of frustration has grown in them ever since the semiconductor agreement 10 years ago, and I often find in them an I-do-not-like-America feeling or an anti-U.S. sentiment.

[Kume] In that case, I think Japan is wrong. The past Japan is comparable to a merchant who does his sum on the abacus to find a proper time to announce with a humble bow that "well, I will compromise at this point because you are my customer and always right." Japan kept repeating this practice, reckoning that in the end the practice would prove to its advantage.

Japan is not a merchants' nation in a perfect sense. If I may be allowed to exaggerate, Japan, using the abacus all the time, has kept repressing its prestige as a nation and the pride of its people nonchalantly. I think that a reaction to this practice is now emerging.

[Takeda] Why are President Clinton and U.S. Trade Representative Kantor hung up on numerical targets

[Kume] The United States thinks that it scored a success in the past by making Japan recognize a numerical target, that is, a 20-percent market share, for the United States in the Japan-U.S. semiconductor agreement. It appears that they cannot forget this 20-percent semiconductor numerical target as a successful experience.

Moreover, when President Bush visited Japan three years ago, the MITI instructed enterprises to submit voluntary parts-purchasing plans, and it took the trouble to figure out the sum from those plans. The United States now distortedly views that those plans as government commitments. Thus President Clinton is now trying to accuse us, saying: "You did it in the days of Bush; then, why can you not do the same thing in my days?" A managerial plan not carrying numerical targets is impossible, and so we, too, have numerical targets.

However, we have them for ourselves, not for the United States.

Low Share Comes From Lack of Own Efforts

[Takeda] Let us talk about what Trade Representative Kantor frequently calls the closed nature of the Japanese market. Concerning the automobiles, for example, are there no problem as to the vehicle investigation system and the dealership network?

[Kume] Mr. Kantor's weakest and incoherent point is that he starts with the argument that the low share of U.S. cars is the clearest proof of the Japanese market's closed nature. He then collects and brings up arguments that are likely to endorse this argument and serve as materials for concocting sophism.

Mr. Kantor has not studied hard enough in advance. As to whether Japan is completely open, some areas show that it is not necessarily so, but his team's position that "the vehicle inspection system is outrageous" does not stand to reason.

In Japan, the vehicle inspection work is entrusted to the private sector. There are authorized plants which must have two persons possessing qualifications for the maintenance work. There is also a rule that the parts used in those plants shall not be limited only to those approved by the government as genuine parts. Therefore, we cannot say that all those rules are wrong.

If there are unnecessarily large numbers of rules on the vehicle inspection, I think we have to abolish them swiftly one after another, but it is reckless to argue that we do not need the vehicle inspection. Some say that it would be better if the vehicle inspection is carried out on the basis of the distance covered, but in some cases bad cars go wrong before they run even 1 km.

For example, rubber parts are worn to tatters after two years under ultraviolet rays. If those things are used in the brake tube, oil will spring out the moment the rider steps on the brake. I think we have to carry out publicity activities so that the ordinary people can have such engineering common sense.

Concerning the dealership, Japan's automobile sales system is one imported from the United States. GM has its own several channels, and Ford has its own.

A businessman may have a Ford dealership and a GM dealership at the same time. This is where the United States differs a little from Japan; however, the two dealerships are separate, and it is rare that a showroom for Ford cars also exhibits GM cars alongside as a way of sales.

What is more, when Japanese carmakers began business in the United States for the first time, they went to GM and Ford dealers and asked, "Would you please sell our cars?" However, their requests were all refused. So they unwillingly kept cultivating markets on their own, and Nissan alone now has over 1,000 dealerships.

If they say that such a channel system itself represents *keiretsu* and so is outrageous, it is indeed nonsensical. In Japan, too, when dealership presidents feel that such and such cars are likely to sell well and bring in profits they will make separate stores and sell them rapidly.

Foreign firms which made eager approaches in Japan have established solid connections with trade company systems. They are thus selling their products here and there through Yanase, Itochu, etc. It is a plain baloney to say, without making such efforts at all, that "you are outrageous."

[Takeda] Many people point out that Trade Representative Kantor has not studied hard enough in advance.

[Kume] Few people now praise Mr. Kantor in Washington. This is because he is such a man who scores points only with President Clinton.

Last year, while working as chairman of the Japan Automobile Manufacturers Association, I had talks with him. I told him that "you do not have a listening ear." In Pentagon, too, people are saying with anger: "That guy should quit now—enough is enough." The United States itself is now saying that it is a serious matter if even the Japan-U.S. Security Treaty is affected and goes wrong. I think that a person of very narrow vision has been installed as the U.S. trade representative, that is, the actor has been miscast.

I first would like to propose that Mr. Kantor be dismissed. If he is dismissed, I believe that a considerable part of the issue will be resolved.

[Takeda] Some people think that the friction over the automobile problem, etc. will link up to the Japan-U.S. security issue. What do you think?

[Kume] As to which side will suffer a loss over things including the security issue, I believe that United States will be the loser.

Now is a post-Cold War period, and so we need not presuppose the Soviet [Russian] threat very much in our vision. In this context, some people will come to question if the United States is really using the Okinawa base for Japan's sake despite its remarks that it is protecting Japan and if the United States truly requires this much huge money.

Therefore, I think that we are now in a situation which might touch off an exceedingly nationalistic ideology.

The United States Has Become Ordinary Power

[Takeda] There is an assertion that in the first place, the way the Japan-U.S. Economic Frame Talks should orient themselves was erroneous. What do you think?

[Kume] In fact, I was angry when then Prime Minister Miyazawa approved the Economic Frame Talks—though it was no use being angry after they were approved. Before the talks, there were the Structural Impediments Initiative Talks, which I thought would be sufficient enough if continued. I also had my doubts about bringing up only the automobile issue in the section of "the other fields" in the frame talks.

There are things that both Japan and the United States should do in the broad perspective of establishing a new order after the end of the Cold War. I think that Japan and the United States should search their souls regarding their failures to carry out those things.

Therefore, for example, Japan should immediately carry out things it can do one after another without limiting the range of such acts to the automobile field and without merely repeating that "we shall carry out deregulation ahead of schedule." At the same time, Japan should tell the other side more frequently that "we would like you to reduce your fiscal deficits."

Japan should not only make various refutations on the automobile question, but also express its views firmly from a more overall perspective—the views that your perception of Japan is wrong in such and such respects and that we will make great efforts because your such and such points make good sense.

In this context, what angers me now is the notion that all problems will be settled if the automobile question is resolved. It will never be so. A good example is the airline issue. Outsiders like me had considered the related agreement very unequal when the other side asked for a further extension of its beyond right.

I suspect that the United States has now ceased to be a big power, that is, ceased to be capable of exercising global leadership. A country that immediately talks about sanctions when it cannot have its own way is an ordinary power. The country does not know what should be politically set at the center in seeking national unity. Such is also the case with Japan. I think that in a sense, now is an age of chaos globally.

[Takeda] I view that in the face of a decline in U.S. leadership and power, there is a widening recognition that a new world order must be created. However, when it comes to the question of what a new world order is, we cannot visualize it.

[Kume] In what fashion will the world move ahead after the Cold War amid a shift of the international political focus to the economy? In this connection, what comes first on my mind is an entity called the United Nations. However, there can be no such thing as the operation of the UN entity. This is because the United Nations has now become merely a forum of arguments for each country's interests. UN-centered progress is hardly likely.

What comes second on my mind is the U.S.-centered progress. There can be no such thing, too, because the United States is in such a wretched condition.

Thus I have reached the conclusion that after all the development of blocs is the only course. A serious situation will develop If things are mishandled in this course, yet the development of blocs will be the only course. Proving this is the development of the EC into the EU [European Union] which is groping for unity in various ways although it is not yet able to unify currency. And the NAFTA, though it is a little different from the EU, is a kind of bloc in which the United States is the hub around which Canada and Mexico revolve.

What is more, a very discriminatory measures are being taken within that bloc. Nissan has been engaged in business in Mexico for about 30 years. I think that ordinarily, the appearance of the NAFTA is an exceedingly good thing because customs are not imposed in the United States and Canada.

However, the Big Three have applied pressure on Mexico, forcing what is called the U.S. content rule on us, that is, demanding that 70 percent to 80 percent of parts used in our products be those turned out in the North American zone. This is sheer nonsense. The NAFTA is such a U.S.-centered gathering.

Can Japan Meet Asian Expectations?

[Takeda] What do you see when you turn your eye to Asia in response to the development of blocs in Europe and the United States?

[Kume] What will become of Asia? The APEC (Asia-Pacific Economic Cooperation) Conference is good, but it has a dispute over the Mahathir-advocated EAEC (East Asia Economic Caucus), a plan seeking to exclude the United States and do things on Asia's own efforts. Out of deference to the United States, Japan says that "we, too, are opposed" to the plan.

If Japan does not handle this situation properly, Asia, too will give it the cold shoulder. I feel like asking, "Are the Japanese not Asians?" I feel so because Japan is a country where people discuss such themes as "Asia and Japan" without shame.

Such being the case, from now Japan should make strenuous efforts to study how Asia will consolidate itself and what role Japan should fulfill in Asia. I think that this is what the United States is very afraid of and working to impede.

[Takeda] Japanese enterprises are carrying out comprehensive activities in Asia, and an increasing number of people have recently begun raising their voice calling for a "yen economic bloc."

[Kume] However, in Asia the largest portion of the ASEAN countries' trade is with the United States. Can Japan take over all their exports instead of the United States? It cannot. This is troubling the ASEAN now.

I think it not simple to create a yen economic bloc, though. Every ASEAN country is greatly menaced with China. If Sino-U.S. relations get aggravated and the Sino-U.S. trade turns sour because of the human rights diplomacy, the spearhead of the export offensive by China will be directed at ASEAN countries. Such is a very troublesome development, and so those countries wish Japan to play a mediatory role between China and the United States.

However, we see no one in Japan who can do such a thing, do we?

[Takeda] Nevertheless, they have such expectations. From an economic viewpoint alone, I think that we need to make considerable determinations in view of the role of Japan in Asia and the world in the future.

[Kume] You are right. Therefore, I am saying that we must solidify Japan's politics, and in fact this may be the first measure toward solutions.

However, when we take a look at politics in the recent several years, we feel that nothing has been moving. No one has been studying anything at all. The most enjoyable thing for those politicians is to get bureaucrats under their thumbs and boss them around. However, politicians are not studying hard, and so cannot but rely on the power of bureaucrats. This is why the following ridiculous reply is made in the Diet: "This is an important question, and so I will let a bureaucrat answer." We should revamp such a political situation today.

Further Expandable Domestic Automobile Market

[Takeda] When the world order moves toward the development of blocs, what kind of world shall we see in the end?

[Kume] I cannot tell, but the development of blocs means the development of protectionism. So, when protectionism develops, the network economy, which protectionism will have created with such great labor, will perhaps cease to function.

Then, new technological development will become a key factor. Technologies are universal. I think that new technologies will break down such development of blocs and protectionism. I believe that, separate from a political power, there certainly is a technological force as well.

For example, the United States sent men onto the moon in the Apollo program. One may ask for what purpose men were sent there at a great cost. However, through the process, many technologies were developed and various patents were secured.

About 3 percent or 5 percent of them were applied to people's livelihood. Those technologies were very expensive and applicable only to objects remote from people's general livelihood. Yet we can say that new technologies were developed then.

People say that it will be the information age from now. Therefore, new software technology centered on electronics is expected to be developed. Also expected are new materials, after all. Petroleum will gradually be exhausted, and we may not be allowed to make plastics from petroleum for good. New materials, and that those easily adaptable to the circumstances are believed to represent technological fields to be developed from now. Therefore, they cannot be ignored.

[Takeda] In this sense, enterprises or nations which are at the heart of technological innovations will become victors in the era to come.

[Kume] I think so. Citing the case of the automobile business circles, the theme among them is to bring electric cars to practical use to prevent the global warming. In a real sense, electric cars have not yet been brought to practical use.

I am not arguing from a self-centered angle in favor of my manufacturing business, but a serious situation will develop if Japan's manufacturing industry continues to be reduced rapidly at the present pace. Taking up only an employment aspect, some people say that 70 percent of Japan's employment is provided by the distribution industry, while others claim that it is the software era from now. However, compared with trade, the earnings by Japan's service industry occupies quite a small portion of the GNP.

Japan is a country surviving on the basis of trade; therefore, no matter how software, services, and finances are emphasized and expanded internationally, their earnings are limited. It is after all the manufacturing industry that earns much.

Japan's automobile market still has room for further expansion. Japan ranks seventh or so in the world in the per capita diffusion rate of cars including trucks and commercial vans. In terms of only passenger cars, it does not rank even 10th in the world. Italy ranks higher. Its market will further expand when the infrastructure is further improved.

Of trucks coming into Tokyo Metropolis, 70 percent are merely passing through the metropolis on their way to Saitama Prefecture or Fukushima Prefecture. People are shouting that Beltway 7 is the source of emission pollution. If outer beltways are further improved, trucks will use them though they are a little longer roundabout routes. This will resolve the environmental issues within the metropolis to a considerable degree. Japan does not make such priority investments.

There are no statesmen in Japan. Those Diet members are not real parliamentarians. After all, they are concerned only with the interests of their own native places, and they do not really bear "Japan as a member of the world" in their minds when engaging in debate. In the end, Japan-U.S. relations and our domestic issues boil down to politics.

[Afterword by Takeda] Japan's automobile industry is the largest industry. In production and employment, it occupies over 10 percent of the GDP (Gross Domestic Product) and of the employed population respectively. It is also the largest earner in export. This is why Nissan Motor Co. Chairman Yutaka Kume stresses with pride the existence of the manufacturing business, particularly the automobile industry. The fierce clash of mutual interests in the Japan-U.S. automobile negotiations is also because it is the largest industry.

Chairman Kume's pet theory basically comes down to that the frictions in the micro-field should be solved through private-level talks and that government-to-government consultations have to be limited to talks on the way macro-policies and systems should be. As to automobile negotiations, for example, the above position means that the vehicle inspection system is to be discussed between the governments, while the parts-purchase issue between the private sectors.

However, the U.S. side does not buy this position, repeating that it has trade deficits amounting to $60-odd billion with Japan and that two-thirds of them are related to automobiles. Last year, as chairman of the Japan Automobile Manufacturers Association, Chairman Kume carried out disputes with U.S. Trade Representative Kantor and Ambassador Mondale, and it is a famous story that he then did not budge a step, displaying his firm character and making them steam in rage.

However, the logic of making a sharp distinction between macro policies and responsive measures in the micro field does not sell to the U.S. citizens who support sanctions against Japanese cars. Apart from the propriety of this logic, if U.S. public opinion—influenced by such hawkish moods against Japan—moves toward reconsidering Japan-U.S. relations including security arrangements, it will be unfavorable for the present Japan which is at a political deadlock and devoid of the decision-making ability as a nation.

Officials Agree Not To Revise Status Accord

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[By Kohei Murayama]

[FBIS Transcribed Text] New York, Sept. 26 KYODO — Japanese Foreign Minister Yohei Kono and U.S. Secretary of State Warren Christopher agreed Tuesday [26 September] that the two nations will not seek a revision of the bilateral accord on the status of U.S. military personnel in Japan.

The agreement came during a 55-minute meeting of the two officials, who are in New York for a session of the UN General Assembly, U.S. State Department spokesman Nicholas Burns said.

Calls have mounted in Japan for review of the Status of Forces Agreement since the rape of a primary schoolgirl in Okinawa early this month. Three U.S. servicemen are being held by U.S. military authorities in Okinawa as suspects in the rape.

Burns said Christopher "repeated at several points how terrible this incident was, the shame that we felt, the apology that we wanted to offer the Japanese people."

"You just have to ponder the sickness of people who could commit such a terrible, terrible act," Christopher was quoted as saying.

"Justice has to be done," Burns also quoted Christopher as saying.

Christopher said the Status of Forces Agreement should "remain as it is" but the United States "will be glad to review the implementation" of criminal judicial procedures under the accord.

"The United States is not inclined to review the agreement itself," Burns said.

"I think that was what we heard from the Japanese delegation, that's what the Japanese had in mind," Burns said, noting that the two nations have established a joint working group to review the implementation to that end.

Given the growing outry in Japan over the rape, a Japanese official said that Kono proposed specific actions, including a statement by high-level military officers in Japan to make sure that such incidents will not be repeated, and an active undertaking by the working group to review the implementation of the accord.

Acknowledging that the United States bears "some responsibility that the incident should not be repeated," Christopher told Kono that the issue "ought to be discussed tomorrow" during the bilateral security dialogue. Kono and Christopher will be joined by Japanese Defense Agency Director General Seichiro Eto and U.S. Defense Secretary William Perry on Wednesday for the security talks.

The rape case triggered a public outry in Japan, with Okinawan lawmakers and community leaders in particular calling for the reduction of the U.S. military presence in Okinawa and revision of the troop-status agreement.

Under the 1960 accord, U.S. military personnel suspected of committing crimes in Japan may only be turned over to Japanese authorities after being formally indicted by Japanese prosecutors.

A U.S. Navy sailor and two Marines are in U.S. custody in the southernmost island prefecture of Okinawa on suspicion of abducting and raping a 12-year-old schoolgirl in a northern residential area of the island on Sept. 4.

Both governments are concerned that the incident could overshadow ongoing efforts to reaffirm mutual security arrangements in the 50th year since the end of World War II, as well as a planned meeting between Japanese Prime Minister Tomiichi Murayama and U.S. President Bill Clinton in Japan in November.

Wednesday's security meeting is expected to produce a statement on various aspects of military cooperation, in particular Tokyo's financing of U.S. forces in Japan.

A Japanese diplomatic source said the government will find it hard to win public support for increased outlays to keep U.S. military in Japan while the rape issue lingers.

Kono and Christopher during the talks reaffirmed they will do everything possible to make Clinton's visit to Japan a success, the Japanese and U.S. officials said.

Role of Security Treaty With U.S. Discussed

OW2609041895 TOKYO GAIKO FORUM in Japanese Jul 95 pp 18-26

[Article by Hisayoshi Ina, member of editorial board-cum-editorial writer of NIHON KEIZAI SHIMBUN: "Examining the Role of the Japan-U.S. Security Treaty Today"]

[FBIS Translated Text] What role do Japan-U.S. security pact arrangements play in today's world following the subsidence of the cold war? As the focus of domestic politics and public sentiments of both nations increasingly turns inward, much has emerged that presents challenges to this most fundamental bond in the Japan-U.S. relationship. Indeed, if indeed the continued existence of the mutual security arrangement is crucial not only to both nations but to the world at large, it is vital that a convincing, clear, and simple account of why these bilateral arrangements are maintained be provided to the taxpayers and citizens of both nations who bear its costs and burden.

The San Francisco Conference and the "East Asia Strategic Initiative"

Under blue California skies that seemingly stretched forever, San Francisco's Fairmont Hotel served as the site of a most interesting conference at the end of March, 1995, which debated the function served by the Japan-U.S. Treaty of Mutual Cooperation and Security. Cosponsored by the Japan Institute of International Affairs and the CSIS (Center for Strategic and International Studies) Pacific Forum that operates out of Honolulu, the symposium covered "Change and Revival — Issues of the Japan-U.S. Security Treaty in the 21st Century". Numerous people from both sides actively involved in the policies of the Security Treaty, including very senior public servants from both nations, traded views over the two-day conference.

This writer also attended. With the exception of speeches by Joseph Nye, U.S. assistant secretary of defense (in charge of international security issues), House of Councillors member Motoo Shiina, and former U.S. Defense Secretary Richard Cheney, the entire conference proceeded under the common understanding that participants were restricted from revealing any comments other than their own to outside agencies. Consequently, the debate was singularly straightforward. While this writer is not at liberty to divulge details, the two cochairs, Nobuo Matsunaga, former Japanese ambassador to the United States, and James Kelly, former special staff assistant to the President of the United States, succinctly summarized the contents for the news conference that followed.

In that summary, deserving of first note is the consensus that while Japan-U.S. security pact arrangements have reached a turning point, they remain vital not only in the scope of Japan-U.S. affairs but to the entire Asia Pacific area. Secondly, there was the international unanimity on the need for China to be more involved in the world society. While there was a discrepancy between the views of the United States emphasis on China's role in the overall scope of Asia Pacific security and the Japanese insistence on focusing on Russia, this was dismissed as an "issue of nuance" (J. Kelly). Third, while economic and trade relations between the United States and Japan were not the primary topic, there was common agreement that unless economic and trade ties were successfully sustained, the security pact would be unsustainable: the two issues were mutually interlocked.

Kelly opened the news conference with his comment: "The Japan-U.S. security pact arrangements are not based upon having a common enemy but rather on mutual benefits." However, Matsunaga injected a note of concern by recalling that the Treaty of Mutual Cooperation and Security was based on the assumed threat from the Soviet Union and pleaded, "With the Soviet Union gone, we must be aware and clearly define why the arrangements exist and why they are necessary or they will be unsustainable." Perhaps because the increasing tendency of public opinion in both nations to focus inward was so decried during the course of the conference, both co-chairs emphasized the need for leadership.

Matsunaga noted that: "This conference represented a gathering of similar philosophies. I would like to hear more dissenting opinions," in expressing his desire to see more economic and legislative leaders from both nations present at future meetings. This is a crucial point. What the conference itself confirmed was nothing new for the people of both nations actually involved in the security issues and policies. The important thing is that such an understanding be further broadened.

Inasmuch as both Japan and the United States are real democracies, it will be insufficient to have only the political and economic elite involved: concrete and simple explanations must also be provided to members of the general public. On this point, there appears to be some discrepancy between how much the respective governments are willing to do in this regard.

What is important to the Americans is an explanation to taxpayers why there are 100,000 U.S. troops in the Asia Pacific region. As evident in the "East Asia Strategic Initiative", the one thing that comes up every time the Department of Defense delivers any opinion on East Asia is the crucial economic role of the area. The prologue to the East Asia Strategic Initiative, notes, "Asia today has a new importance and the role Asia plays in opening up world economic systems is vital. U.S. trade with the Asia Pacific region reached $374 billion in 1993, and supports the employment of 2.8 million people." It even refers directly to employment figures.

Of the 100,000 U.S. forces that the United States maintains in Asia, between 40,000 to 45,000 are stationed in Japan, where the Japanese Government pays approximately 70 percent of their costs. So why does Japan bear this burden under the Japan-U.S. Mutual Security Treaty? To date, the official explanations of the Japanese Government have not been easily comprehensible.

Look at the "Diplomatic Blue Book" (1995 edition). In that work, the importance of the Japan-U.S. Security

Pact arrangements are addressed. "For Japan to maintain its three nonnuclear principles and its principle of maintaining no more than the minimum force necessary for self-defense, it needs the U.S. military deterrent to maintain peace and prosperity. The Japan-U.S. mutual security arrangements not only constitute the political underpinnings of the broader reaches of Japan-U.S. cooperation as a whole but serve also to support the U.S. presence as a primary factor in the stability of the Asia-Pacific region. The importance of this presence in maintaining the area's peace and prosperity continues to grow."

The heavy financial burdens in supporting U.S. troops in Japan is called "the cooperation that secures the fullest and most effective implementation of the Japan-U.S. mutual security arrangements." It further explains, "As the U.S. defense budget continues to shrink, the importance of the Japanese cooperation that begin with the financial burden of supporting troops in Japan grows ever more important in securing the U.S. military presence in this region." I have no basic disagreement with what is presented here.

But if these lines were penned to gain a better understanding of the people, there are two problems that deserve to be pointed out. First, the phrases, "U.S. military deterrent" and "the U.S. presence as a primary factor in stability in the Asia-Pacific region" appear with no accompanying explanation. Secondly, the entire report obviously reflects the writing style of bureaucratese completely devoid of any eye on seeking the public's acceptance.

However, the first problem is paramount. The phrases, "U.S. military deterrent" and "the U.S. presence as a primary factor in stability in the Asia-Pacific region" are stock terms in the world of security issues experts; therefore, they were possibly viewed as warranting no further explanation. However, I believe the challenges that face the Mutual Security Treaty today directly focus on these functions of the U.S. military forces, and if the government is to address the role of the Japan-U.S. security alliance in any formal writing, it must not avoid a complete elucidation of these terms.

Strategy as Part of Comprehensive Guidelines

The "Defense White Paper" (1994 edition) also has a section on the "role of the Japan-U.S. Security Treaty". The explanations given in this document are far more detailed than those of the "Diplomatic Blue Book." It points out that the Japan-U.S. Security Treaty: 1) contributes directly to Japan's security; 2) contributes to the maintenance of peace and stability in the Far East; 3) constitutes the core of the Japan-U.S. relationship, which is Japan's preeminent bilateral relationship; and 4) is the basis for Japanese diplomacy. Articles one and two can be defined as explaining the military role of the Japan-U.S. Treaty, while articles three and four explain its political role. The latter has probably been given increased emphasis following the end of the Cold War.

However, we cannot say this is enough. When speaking of the importance of the ties between Japan and the United States, it does not suffice to note only the political and military aspects. The significance of the relationship must be explained from various aspects, including the economic and cultural, as well as noting the high degree of mutual dependence. Above all, what must be explained is what damages would be suffered not only by the two nations but the entire world, should the bilateral relationship be terminated. Thus, a broad explanation must be given from a strategic point of view to provide a convincing rationale as to why the Japan-U.S. Security Treaty should be maintained.

The Importance of "Oxygen"

Certainly, it is difficult to explain the raison d' etre of something already in existence. Particularly so in the Japanese culture, there is a cultural imperative that holds "water and security (to be) free," as pointed out by Isaiah Benderson approximately 20 years ago. It was only last year that the Social Democratic Party of Japan [SDPJ] withdrew their banner of disarmament and neutrality and chose to uphold the Self-Defense Forces and the Japan-U.S. Security Treaty. To a certain extent, perhaps it was unavoidable that official government documents such as the "Diplomatic Blue Book" and the "Defense White Paper" provided only superficial explanations of the Japan-U.S. Security Treaty, as these were reflective of domestic political circumstances.

In the prologue of the "East Asia Strategic Initiative" by the Defense Department, it is pointed out that "Security is like oxygen: you do not tend to notice it until you begin to lose it. The U.S. security presence has helped provide this 'oxygen' for East Asian development." Directly, it appears to be an explanation of how the East Asian nations view security. But perhaps the United States is seeing among its own people the opinion that "security is like oxygen". The sense of crisis felt by the Defense Department can be read between the lines.

The idea of security being like "oxygen" can be explained in many ways. The simplest explanation that can be given today is in relation to the nuclear suspicions surrounding North Korea (DPRK).

Last October, the DPRK entered into a "framework agreement" with the United States in Geneva. As is widely known, however, the questions over a suspected nuclear arsenal remains vague in this agreement. The

DPRK has used brinkmanship diplomacy at various stages in the implementation of the agreement, as seen in their refusal to accept the South Korean light nuclear reactors. According to a senior U.S. Government official, there are those who hold the prospects of fulfillment of the U.S.-DPRK Agreement at only 60 percent.

The international community cannot be at peace in the wake of such DPRK moves. The security alliances based on the Japan-U.S. and U.S.-South Korea treaties is the mechanism that pressures the DPRK to observe the agreement. The primary factor that made last year's U.S.-DPRK Agreement possible was the compromise made by the United States; a major catalyst however, which made the DPRK sit down at the negotiation table was the fact that Japan, the United States, and South Korea made a united move toward the discussion of economic sanctions at the UN Security Council. Announcement of plans for former President Jimmy Carter to visit the DPRK, which drastically changed the flow of events, came only a few days after the Japan-U.S.-South Korea conference, which was held in the U.S. State Department at the bureau-chief level, with Ambassador Robert Gallucci as the key figure, to discuss the details on proposed sanctions.

Without the Japan-U.S. Security Treaty to provide military backup in the event of emergencies, this outcome was probably unattainable. Also, devoid of the Security Treaty, Japan would have been further stymied by the predictable DPRK brinkmanship diplomacy. Yet, the nuclear suspicions over the DPRK are but one part of the explanation for the role of the Japan-U.S. Security Treaty. If the DPRK provided the sole rationale for the Japan-U.S. security alliance, the treaty would become unnecessary upon conclusion of the problem. It is unrealistic to consider North Korea as the sole source of instability in East Asia. The example just outlined should be considered as only one explanation for the function of the Japan-U.S. Security Treaty today.

The "Power Vacuum" Theory

In the United States, the most universally used explanation has been the "power vacuum" theory. On 20 May 1992, (then) Secretary of Defense Richard Cheney told members of the National Press Club in Washington that: "If we withdraw from Asia, we will create a vacuum that someone will soon try to fill. That is not in the interest of the United States, and it will lead to instability."

George Kennan, Richard Nixon, and other so-called strategists have always argued that the power balance between Russia, China, and Japan is the key to stability in this region. Nixon, in the book he wrote in his later years, "Seize the Moment," explains the role of the United States in the Pacific using expressions such as "stability mechanism," "regional balancer," "benevolent mediator," and "guarantor of security."

Northeast Asia is often called the "strategic intersection." The four powers: the United States, Russia, Japan, and China, have exercised political, economic, and military influence over this region. Among these powers, Japan soiled her hands in World War II, and Russia has historic ambitions to expand southward. Southeast Asian nations are currently extremely cautious regarding China. In fact, the United States is the only one with relatively clean hands. As Cheney indicates, the reality is that no nation other than the United States can function as the balancer.

Such views are quite common in the United States. It is also an explanation familiar to those in Japan who pay attention to the security issue, as evidenced in the use of the following phrase, without explanation, in the "Diplomatic Blue Book" discussed previously: "The U.S. presence as a stabilizing factor in the Asia-Pacific region." If this explanation has not yet permeated down to the level of the average citizen, perhaps it will be easy to explain the concept, for example, in context of the relationship between Japan and the Korean Peninsula.

Between Japan and the Korean Peninsula, there is an unfortunate history of colonial occupation. For this reason, there still remains a delicate component of emotional issues among the average citizen, despite the fact that Japan and South Korea, through their ties to the United States, have a relationship similar to an alliance. The U.S. military forces are present in this region due to the existence of a common threat called the DPRK. When the Korean Peninsula is peacefully unified, however, would the U.S. military become unnecessary? Such arguments may be viable from a purely military point of view; but realistically, they are unlikely. Both Japan and the Korean Peninsula will probably seek a continued U.S. military presence for psychological stability.

The current division between north and south on the Korean Peninsula is said to be the last remnant of the Cold War. But notwithstanding the end of the Cold War, explanations of the function of the U.S. military presence using the "power vacuum" theory or the balancer theory are still viable. But there is a problem. The explanation is easy to understand for those of us who live in Asia; but the problem is, can U.S. taxpayers, who send their family to Asia so far away from the continental U.S. mainland, accept this explanation?

Especially prior to the presidential election, there are moments in the United States when the isolationist movement breaks forth. In terms of moves related to the Japan-U.S. Security Treaty, there is the report written by Doug Bandow, a researcher at the Cato Institute, a conservative think-tank. This report, which supports the withdrawal of U.S. military forces in Japan and Korea over the next three to four years and the dissolution of the mutual defense treaties with Japan and South Korea by the end of this century, was carried in the ASAHI SHIMBUN (19 February 1995 edition) and received with shock in Japan.

The Cato Institute has strong libertarian tendencies that advocate a classical small government. The impact of this report, therefore, should not be overrated. According to Michael Green, a U.S. researcher on security issues knowledgeable about Japan, the Cato Institute is not part of the equation as far as diplomatic policies are concerned; reportedly, officials in the State and Defense Departments were not even aware of its existence until the report was taken up in Japan. It can be said that the report has almost no influence over actual policymaking.

Nonetheless, we should not remain ignorant of the background in which such a report was written, for there is possibility that the "power vacuum" theory and the balancer theory would appear too abstract to U.S. taxpayers. It is in due consideration of the libertarian mood in the United States that the "East Asia Strategic Initiative" specifically mentions the current state of U.S. economic gains in Asia and effects on employment in the United States.

This is an issue that Japan, the United States' largest trading partner in Asia, would do well to keep in mind. There is a need to offer economic profit in order to maintain the very presence of the United States. To put it in simple terms, we need to open up our markets more than ever. It may appear to be Cold War style thinking to say that we should compromise on economic issues for the sake of the security treaty. However, considering that the Japanese economy is based on the premise of stability in the Asia-Pacific region, it is a cost we should pay to convince U.S. taxpayers. This is the most effective approach to overcome the isolationist trends within the United States.

The "New East-West Relations" and Strengthening China-Russia Ties

There are several viewpoints one must consider when evaluating not only the Japan-U.S. Security Treaty but any international alliance. One is from the standpoint of time: studying the purpose of the system from a short term, medium term, and long term point of view. Focusing on space, on the other hand, we can analyze the significance of the system from a global or regional point of view, or in relation to the domestic circumstances of the nations involved. Certainly, there will be a cross between the concepts of time and space.

Of the two, an analysis based on time is actually quite difficult. Discussing the outlook of any time period beyond a medium term is little different from science fiction. Thus, I have discussed the short term significance of the Japan-U.S. Security Treaty in relationship to the nuclear suspicion associated with the DPRK, but it is difficult to forecast what might happen thereafter. There may be criticism that analysis made without defining the time period lack theoretical clarity. But as I heard a famous diplomat say, "it is meaningless to think any more than five years into the future when discussing international relations." It is not in my capacity to make predictions on the future.

In contrast, it is realistic to discuss impact over physical space. The article "Points of Order", a copy of which Peter Rodman sent to this author in March, provided a hint in considering the global meaning of the Japan-U.S. Security Treaty. Rodman is a disciple of Dr. Henry Kissinger; he served as a White House National Security Council (NSC) staffer during the Republican administration, and also served as director of the Department of State Policy Planning Staff. Currently he has influence over the formation of Republican diplomatic policy as the department chief in charge of the national security issues in the "Nixon Center for Peace and Freedom." His essay was printed in the NATIONAL REVIEW (1 May 1995 edition), a conservative magazine.

The article is not limited to the discussion of the Japan-U.S. Security Treaty, but the world view presented in this essay is of valuable relevance. According to this view, the world currently bears the following problems: First, the "new east-west relations" caused by the emergence of nationalist Russia; Second, the "west-west relations" of the three economic powers, the United States, Japan, and Germany; and Third, the challenge to security from Third World nations, appearing in the rise of Islamic fundamentalism. I had an opportunity to talk to Rodman and hear his supplementary explanation on the essay when I visited Washington on a business trip in April. What was particularly interesting were the signs of strengthening in China-Russia relations in connection with the new East-West relations. He indicated the possibility of China and Russia coming closer as a consequence of balance of power maneuvers, despite the collapse of communism.

Certainly, no one would deny that today's relationship between China and Russia is an improvement over that of the China-USSR relationship. All three points, at least to this author, appeared to be highly accurate. What is unique is that they can also be applied in defining the global role of the Japan-U.S. Security Treaty.

First, dealing with China and Russia has been a fundamental concern of the Japan-U.S. Security Treaty since the days of the Cold War. Second, both the Japan-U.S. Security Treaty and NATO, the alliance between the United States and Europe, including Germany, are political as well as military alliances. Should conflict of economic interests arise between the three economic powers, it can be expected that these alliances would work to alleviate such a situation. Third, no practical effects can be expected from the efforts to contain the proliferation of weapons of mass destruction and other threatening moves in the Third World nations without the political cooperation of global economic powers such as Japan and the United States.

Five Points of Uncertainty in East Asia

The regional role of the Japan-U.S. Security Treaty, as noted earlier, is to balance the DPRK, and is based on the "power vacuum" theory. This point need not be repeated. There is need, however, to further discuss the elements of uncertainty in East Asia. The "East Asian Strategic Initiative" expresses notable wariness toward China, stating: "Still today, Asia is filled with uncertainty and tension, and it is a region where huge military powers are concentrated. East Asia is where many of the world's largest military forces exist, including nations that possess nuclear weapons."

It is often said that there are five points of uncertainty in East Asia. This refers to: the Korean Peninsula; China-Taiwan relations; China after Deng Xiaoping; uncertainties in Russia's future; and the Japanese political situation. The fact that China is involved in two of the above may indirectly explain how important the U.S. military presence is.

Domestically, what does the Japan-U.S. Security Treaty mean in Japan and in the United States?

For the United States, first, it is a mechanism to maintain the presence of U.S. military forces in order to secure the stability prerequisite to U.S. economic gains in Asia. References to the importance of economic relations with Asia in various documents of the Defense Department, such as the "East Asia Strategic Initiative" support this understanding. Second, the "cap on the bottle" theory, that the Japan-U.S. Security Treaty prevents Japan from growing into a military superpower, is still valid. Third, by maintaining the framework of commitment overseas, the isolationist stream of thought is suppressed within the United States.

In Japan, the stated roles of the Japan-U.S. Security Treaty closely resemble those in the United States. First, the "cap on the bottle" theory is nothing but a form of the Yoshida doctrine which leaves defense in the hands of the United States and places priority on economics. Recently, there have been explanations that present this as the "Security Treaty is constitutional" theory; this is just the flip side of the "cap on the bottle" theory. Second, in analogy to the isolationist trends in the United States, the Japan-U.S. Security Treaty may potentially suppress Asianism within Japan. Asianism in Japan today originated from those economically-focused government offices and businessmen tired of the economic struggles with the United States. No matter how it began, we must not forget the regrettable history brought about by prewar Asianism combined with Japanese nationalism. This tie to the concept of race is felt when one reads the book "An Asia that Can Say 'No'" (by Datuk Mahathir and Shintaro Ishihara). It is not wise for Japan to follow on the path to Asianism.

Serious Gap in Understanding Between Japan and the United States

There are more realistic explanations. I have mentioned earlier that it is difficult to appreciate the value of something already in place. It is just as difficult to find positive reasons to do away with it. It will take tremendous political energy to find reasons to terminate the Japan-U.S. Security Treaty that will convince the people of both nations. It is unlikely that either Washington or Tokyo has the political energy to spare for such a task. Thus, it is difficult to make any projections regarding the Japan-U.S. Security Treaty other than those that see its continuance.

In addition, there is the following: realistically, unless the United States breaks off all ties with its ally nations, it is inconceivable that the United States would ever cancel the Japan-U.S. Security Treaty on its own. It would be a whole different story if Japanese-American relations fall apart and a tragedy like the attack on Pearl Harbor should occur; otherwise, it is logically improbable that the United States can amicably obtain a "divorce by consent" for only the security treaty portion of its relationship with Japan. If the United States cuts off the security treaty with Japan while maintaining its commitment to defend the nations neighboring Japan, this would be perceived as a move antagonistic to Japan. That would lead to nothing less than a collapse of the Japan-U.S. relationship. Thus, an "amicable" divorce by consent between Japan and the United States alone is a contradiction in terms.

The Japan-U.S. Security Treaty thus firmly supports the relationship between Japan and the United States at the base level, and in reality, it is difficult to make simple changes to this treaty. But for those who are working to continue the Japan-U.S. Security Treaty, there are some anxiety factors. First, there is the disparity in the public opinions of Japan and the United States. The results of the Japan-U.S. joint public opinion poll conducted by NIHON KEIZAI SHIMBUN and THE WALL STREET JOURNAL in commemoration of the 50th anniversary of the end of the war revealed shocking answers.

According to the NIHON KEIZAI SHIMBUN (23 April 1995 edition), when asked to evaluate the Japan-U.S. relationship, the U.S. polls revealed optimistic views while Japanese responses were skeptical. In a way, this could not be helped, as these responses reflect the economic climates of the two nations. But when questioned "which nation/region is diplomatically the most important nation/region for the next 20 years," the American responses were diverse: Europe (22.8 percent); Russia (17.6 percent); China (16.6 percent); Central and South America (13.9 percent); and Japan (13.1 percent). On the other hand, an overwhelming 66.4 percent of the Japanese respondents answered China, and only 14.5 percent answered the United States.

As for the evaluation of China, 60.4 percent of the Japanese respondents and 21.3 percent of the U.S. respondents believed that China was friendly. 18.5 percent of the Japanese and 61.4 percent of the Americans considered China was a hostile nation. There are apparent differences in the responses of the two nations. Similar trends can be seen in the response to the question on China 20 years from now: 70.9 percent of the Japanese and 39.2 percent of the Americans considered China friendly; and 12.6 percent of the Japanese and 51.5 percent of the Americans considered it hostile.

What is particularly critical to the Japan-U.S. Security Treaty is the fact that there was a wide gap in the response to the statement: "In an emergency, Japan can rely on help from the United States:" 49.0 percent of the Japanese and 77.1 percent of the U.S. respondents agreed with this statement. Similarly, when asked about the possibility of Japan's nuclear armament 10 years from now, only 11.2 percent of the Japanese answered that Japan would arm herself with nuclear weapons, while 67.7 percent of the U.S. respondents expected Japanese nuclear armament.

One drawback is that a comparison over time is impossible as this was the first such survey. But these figures are cause for concern if they in fact indicate Asianist trends in Japan, as seen in her inclination toward China, and the mutual distrust in the citizens of both countries toward the political commitments made based on the Security Treaty, such as U.S. aid at times of emergency and Japan's nonnuclear policy.

Japan-U.S. Security Treaty is Not a Cold War-Style System

The second element of anxiety for the Japan-U.S. Security Treaty arrangement is that "illusions" people have toward a multilateral security system are particularly strong in Japan.

What made the United States wary was the "multilateral security cooperation" concept set forth in the report prepared last August by the Defense Issues Council (a private advisory agency of the prime minister; Hirotaro Higuchi, chairman). The report also emphasized the importance of the Japan-U.S. Security Treaty and, overall, deserves recognition. But because "multilateral security, a new concept, precedes the Japan-U.S. Security Treaty in the report" (former Defense Agency Vice Minister Seiki Nishihiro, one of the committee members), it resulted in upsetting the United States.

The editorial titled "International Cooperation and the Constitution" in the Constitution Day edition of the ASAHI SHIMBUN (3 May 1995) maintains that it is important to reexamine the Cold War security arrangement and to cooperate in the development of organizations like the Organization for Security and Cooperation in Europe (OSCE) in Asia during this century. The presumption here: Japan-U.S. Security Treaty = Cold War-style system; multilateralism = breaking away from Cold War systems. But as noted earlier, the Japan-U.S. Security Treaty is a system that remains significant despite the end of the Cold War; thus, the former presumption is incorrect. As for the latter, we cannot make hasty conclusions on whether multilateralism is effective in the post-Cold War era when we consider for example, what the OSCE was able to do in the Bosnia-Herzegovina situation, an ethnic conflict typical of the post Cold-War era.

Getting back to Asia, the ASEAN Regional Forum (ARF) established last year as a multilateral system holds promise for the future. Problems have not yet surfaced; however, this is no doubt because China's position toward this forum would determine the future of ARF. China might perceive both ASEAN and the ARF as systems for containment of China. The idea that China will cooperate in the strengthening of ARF does not warrant optimism. If the ARF conducts their discussions seeking consensus, this may result in China possessing virtual veto power. For the foreseeable future, therefore, it is realistic to suppose there is no effective multilateral security system that can replace the Japan-U.S. Security Treaty.

How about the United Nations, the largest multilateral security system? Secretary General Butrus Ghali, who had believed that the United Nations would take charge of the security of the world in the post-Cold War era, withdrew his Peace Enforcement Forces concept after the failure in Somalia. The peacekeeping operations (PKO) returned to the traditional line of respecting the agreement of the parties involved. It is back to its traditional unpretentious role as a security organization. Thus, if a situation like the Iraqi invasion into Kuwait arises, the only thing that the United Nations could do, just like four years ago, is to approve the use of multinational military forces. When this does occur, no other nation other than the United States can be expected to assume the pivotal role in the multinational force.

However, it is uncertain whether the United States would fulfill its role where no treaties obligate doing so. In a column entitled "Withdrawal Symptoms" in the NEW REPUBLIC (15 March 1995 edition), the mood within the United States is expressed as follows: "The Republican party wants the United States to pull out from the United Nations because it does not want to send U.S. forces overseas. The Democratic party wants the United States to stay with the United Nations because it does not want to send U.S. forces overseas." Thomas Freedman, a NEW YORK TIMES columnist, explains the Japan-U.S. relationship in terms of commerce and security: "China and North Korea are closer to Tokyo than to Washington" (THE NEW YORK TIMES, Sunday edition, 16 April 1995). When something occurs in the vicinity of Japan, it is anticipated that the United States will expect Japan to assume part of the responsibility.

The Right of Collective Self Defense?

In 1960, when the current Security Treaty was enacted, the GNP of the United States was 11.5 times that of Japan. In 1993, this figure had dropped to 1.3 times. In return, the expectations of the United States expanded. The focus of the Japan-U.S. Security Treaty has turned from Article 5, defense of territories under Japanese administration, to Article 6, "maintenance of international peace and security in the Far East".

What is likely to become the issue here is the right of collective self defense. Last year, while economic sanctions against the DPRK were being discussed, the U.S. Navy reportedly, unofficially sought Japanese cooperation in providing supplies and other assistance for operations should sanctions be imposed. To this, Japan gave no clear response. It can be imagined that the reason for this was the constitutional denial of the right of collective self defense.

The association made with the phrase "right of collective self defense" is the idea, as seen in NATO, that an attack on one nation is an attack on all allied nations and must be dealt with jointly. In the House of Councillors Budget Committee on 22 October 1990, then Director Atsuo Kudo of the Cabinet Legislative Bureau defined the right of collective self defense as: "the right to use force to halt a military attack on a foreign nation that has close ties with your own nation although your own nation is not directly under attack." He explained, "Our nation, as a sovereign state, certainly has this right under international law. However, exercise of this right exceeds what is allowed under Article 9 of the Constitution, the minimum required for the defense of our nation."

What is likely to be debated in association with the Japan-U.S. Security Treaty is the issue of providing support assistance to U.S. military operations at the intermediary stages between peacetime and times of war. This is clearly different from "the right to use force to stop military attacks." It is more appropriate to phrase this as cooperative moves necessary for the operation of the Security Treaty. Assistant Secretary of State Joseph Nye mentioned mutual operativity and strengthening of cooperative ties in his speech at the San Francisco Conference. He probably had in mind this type of logistic support.

Fundamentally, this is not a major political issue that involves changes in the interpretation of the Constitution. However, it is unlikely that it would pass without dissent in the actual political scene. It is probably impossible to avoid this from becoming a political issue. When this happens, we should avoid the reappearance of attitudes that the sanctity of the Security Treaty was being argued.

If the politicians take this opportunity to tackle the grand theme of the security of Japan and the Asia Pacific region and go into full-fledged arguments over the issue, this is to be welcomed. It is of particular importance to keep the process up to and including the final decision open to public scrutiny. This is because I feel that the past Japanese policies on security lacked transparency in many areas.

This may be inappropriate, but I would like to raise the example of the next-generation support fighter (FSX) of the Air Self-Defense Force. The FSX has completed its development phase, and is now transitioning into the production phase. If the burden on the taxpayers is to be lessened, purchase of U.S. aircraft is probably the best option. However, due to the past circumstances and from considerations regarding industrial policies within Japan, there is no doubt that an aircraft would be developed under the joint effort of Japan and the United States. But there has been no explanation provided for the taxpayers in this matter.

Of prime importance in securing trust in the security policy is the openness of the policymaking process and providing citizens with honest explanations of the international situation. We must remember that the idea that the Security Treaty is sacred is a relic of the Cold War era, and that era is now past.

Gist of Foreign Minister Kono's UN Speech

OW2709003895 Tokyo KYODO in English 2336 GMT 26 Sep 95

[FBIS Transcribed Text] New York, Sept. 26 KYODO — Gist of the Statement by Foreign Minister Yohei Kono on Tuesday [27 September] at the 50th Session of the UN General Assembly:

At the time of the 50th anniversary of the United Nations, not only is the UN's longevity in itself significant, but historic changes are currently under way in the world in the wake of the Cold War. Yet the international community faces new challenges, such as population growth, ethnic conflict, refugees, poverty and lack of health care, and environmental degradation.

The UN's ability to respond effectively to these challenges depends on strengthening and genuine reform of its functions, an endeavor in which Japan wishes to be actively involved. There are three areas in which the UN is required to take concrete action in order to meet such international challenges: firstly, new strategies for development; secondly, conflict resolution and prevention, disarmament and nonproliferation of weapons of mass destruction; and thirdly, UN reform.

Proposal for a New Development Strategy

Japan proposes a new development strategy that is broader than the traditional one, which has focused on politics and assistance. Japan, as the world's largest aid donor, and recalling the assistance it enjoyed from other countries in the past, without detracting from official development assistance to low-income countries, believes that an even more effective strategy can be found in a "comprehensive approach" that involves trade and investment, macroeconomic policies, technology transfers and promotion of sustainable development and social infrastructure (including measures to enhance education, human rights and the role of women in development) — especially one combined with a "differentiated approach" to recipient countries based on their respective stages of development. Implementation will depend on establishing realistic development targets, engaging NGO's [nongovernmental organizations] and local governments as well as central governments in development, and encouraging "south-south" cooperation through financial support through the United Nations Development Program.

Prevention and Settlement of Conflict

The functions of the UN must be strengthened for the purpose of conflict resolution and prevention. Japan promotes conflict resolution through continued support for peacekeeping operations and their further reform — as well as active participation therein, i.e., UNDOF [UN Disengagement Observer Force] — and through support for the activities of the UN High Commissioner for Refugees. However, there is an urgent need for conflict prevention through preventive diplomacy. Japan's sponsorship of the "High-Level Symposium on Peace and Development: Problems of Conflict in Africa" in October is indicative of its efforts in this regard.

The conflict in the former Yugoslavia deserves particular attention. Peace cannot be achieved through the use of force by the parties concerned, and it is essential now that the window of opportunity for peace talks not be missed. Japan continues to support the efforts toward peaceful resolution, and is also extending humanitarian assistance. Once peace there is restored, Japan will cooperate in the rehabilitation of the region.

Japan welcomes the agreement on the negotiations on the expansion of Palestinian interim self-rule.

Both the objective of achieving international peace and stability and that of promoting development, however, rely on disarmament and support for the nonproliferation of weapons of mass destruction. The indefinite extension of the Nuclear Nonproliferation Treaty is a welcome start, one that would be bolstered by genuine disarmament efforts by the nuclear weapons states. Japan supports the ultimate abolition of all nuclear weapons and believes that renewed efforts should be made to sign a comprehensive test ban treaty no later than the fall of 1996, and it profoundly regrets that certain countries are conducting nuclear tests. Conventional arms issues must also be addressed through participation in the UN Register of Conventional Arms, clearance of land mines, and measures to stop the proliferation of small arms. Japan is submitting a draft resolution to establish an experts' panel on the latter issue.

Reform of the United Nations

Any efforts to address these issues, however, presuppose that the United Nations functions effectively. Three areas of reform will promote this goal.

Financial Reform

First, it is urgent that all member states of the United Nations address the current crisis in its operations by paying in full and as soon as possible their assessed contributions, and by undertaking a comprehensive review of UN financing in order to realize fair and equitable burden-sharing.

Reforms in Economic and Social Fields

Second, the efficiency of the UN system and coordination among its agencies, including international financial institutions and the various committees of ECOSOC [Economic and Social Council], must be reviewed.

Security Council Reform

Finally, both the legitimacy and the effectiveness of the Security Council must be enhanced by adding countries in a position to assume global responsibilities to its permanent membership and expanding its nonpermanent membership. Japan is prepared to discharge its responsibilities as a permanent member of the Security Council in accordance with its basic philosophy regarding international contribution, and appreciates the support which many countries have indicated for its membership. Japan urges a redoubling of efforts to reach an agreement on a framework for reform by September 1996.

Conclusion

The 50th anniversary of the UN's foundation coincides with the 50th anniversary of the end of World War II. Japan, looking squarely at its past history, has renewed its commitment to peace. Japan is determined to contribute to building a stronger UN and creating a new international order of peace and prosperity.

Kono Condemns Nuclear Tests, Fails To Name Names

OW2709011495 Tokyo KYODO in English 2325 GMT 26 Sep 95

[By Kohei Murayama]

[FBIS Transcribed Text] New York, Sept. 26 KYODO — Japanese Foreign Minister Yohei Kono deplored the recent resumption of nuclear weapons testing in a speech to the UN General Assembly on Tuesday [26 September], but stopped short of naming France and China as the guilty parties.

The foreign minister only referred to "certain countries" in saying that Japan "cannot but deeply deplore" the recently resumed nuclear tests "when the international community has begun to make further progress toward a nuclear-free world."

Kono decided not to use the occasion of his formal speech at the international gathering to specify individual nations, and he instead expressed hope that other global efforts would lead to stopping nuclear testing, a Japanese official said.

Japan intends to "sponsor a draft resolution calling for the cessation of nuclear testing" in the current annual General Assembly session, while calling for "support and cooperation" of all United Nations members, Kono said.

Kono also stressed the need to conclude the ongoing negotiations of the Comprehensive Test Ban Treaty by next spring and to sign it by fall of next year at the latest, and reiterated that Japan hopes to host the signing ceremony.

Otherwise, the foreign minister directly named France and China during his bilateral meetings, including talks with UN Secretary General Butrus Butrus-Ghali on Monday.

Kono also conveyed Japan's opposition to nuclear testing directly when he met separately with Chinese Foreign Minister Qian Qichen and French Foreign Minister Herve de Charette on Tuesday.

Referring in his speech to a planned UN reform in its 50th anniversary year this year, Kono reiterated that Japan wishes to become a permanent member of the Security Council.

He stressed, however, that as a permanent member, Japan would abide by its constitutional provision banning the use of military force to solve international disputes.

"I should like to take this opportunity to once again express my appreciation to the many countries that have indicated their support for Japan's permanent membership," Kono said.

In an unprecedented reference in a UN speech by a Japanese foreign minister on Japan's actions during World War II, Kono declared, "Japan has looked squarely at its past history and has renewed its commitment to peace."

Regarding UN peacekeeping operations, however, Kono vowed that Japan will "actively" cooperate, including the dispatch of Self-Defense Forces personnel to the Israeli-occupied Golan Heights, while stressing the importance of strengthening UN functions for "resolution and prevention" of regional disputes.

Kono said that the conflict in former Yugoslavia should be resolved through "peace talks" instead of the use of forces by the parties concerned.

"Japan continues to support efforts toward peace...[ellipses as received] and it is also extending cooperation, including humanitarian assistance. Once the conflict is brought to an end and peace is restored, Japan intends to cooperate in the rehabilitation of the region."

Concerning the Middle East, Kono said, "Japan welcomes the agreement (reached Sunday) on the negotiations on expansion of Palestinian interim self-rule."

Citing a UN financial crisis as costs of peacekeeping operations mount, Kono urged all UN members to "make every effort to pay in full and as soon as possible their assessed contributions," and stressed the need for "a comprehensive review" of UN finances in order to realize "fair and equitable" burden-sharing.

In what Japanese officials described as a major issue in the speech, Kono proposed "a new development strategy" for developing nations to "help stabilize the new international order" in the post-Cold War era based on Japan's experiences of receiving aid from other countries in the past and of extending aid now as the world's largest donor.

He called the development program an "urgent" undertaking to prevent regional conflicts that tend to occur in nations and regions suffering from poverty.

The proposal focuses on the need to promote a combination of "comprehensive approach" and "differentiated approach" in shaping the development program.

The comprehensive approach refers to aid that involves trade and investment, macroeconomic policies, technology transfers and promotion of sustainable development and social infrastructure.

The differentiated approach is to apply "the best policy mix" according to the respective country's stage of development.

In implementing the new strategy, Kono called for establishing nongovernmental organizations and the participation of local governments as well as central governments in development activities, as well as seeking "south-south cooperation through UN financial support."

"I earnestly hope that other countries throughout the world will likewise enjoy the blessings that have accrued to Japan as a result of international peace and prosperity," Kono said.

Kono, De Charette Stay Apart on Nuclear Issue

OW2709013595 Tokyo KYODO in English
0027 GMT 27 Sep 95

[FBIS Transcribed Text] New York, Sept. 26 KYODO — Japanese Foreign Minister Yohei Kono and French Foreign Minister Herve de Charette remained apart Tuesday [26 September] on the issue of nuclear weapons testing, but agreed on the need to continue bilateral exchanges to improve ties.

Kono reiterated Japan's disappointment over the recent French resumption of nuclear tests, and urged France to drop its plan of conducting a remaining series of tests in its Pacific territory, a Japanese official said.

The two foreign ministers had a 45-minute meeting while in New York for the UN General Assembly session.

As the only nation that actually suffered atomic bomb attacks, Japan "can by no means understand France's position," Kono was quoted as saying.

The French foreign minister acknowledged Japan's "sensitivity" over nuclear weapons, but lamented that a "discrepancy" exists between the two nations, the official said.

Pointing to a spreading boycott of French goods in protest at the testing of nuclear weapons in the South Pacific, de Charette told Kono that such actions "both indirect and direct, will dampen the relations," the official said.

Kono predicted that such protests would gain momentum if France goes ahead with its test plan, and stressed the need to "somehow improve the bilateral ties."

While welcoming France's commitment to there being no exceptions to the proposed comprehensive test ban treaty, Kono said that "positive action" would lead to improving bilateral ties, the official said.

Kono also called for arrangements through diplomatic channels to realize a visit to Tokyo by French President Jacques Chirac, and also promised that Japan would continue promoting such cultural exchanges as a sumo wrestling tournament in Paris, the official said.

Kono also cited the ongoing cooperation between the two countries in Uganda on the problem of AIDS.

The French foreign minister agreed with Kono's proposal to maintain such exchanges and cooperation.

Kono, Qian Clash Over China's Nuclear Tests

OW2709005095 Tokyo KYODO in English
2358 GMT 26 Sep 95

[By Kohei Murayama]

[FBIS Transcribed Text] New York, Sept. 26 KYODO — Japanese Foreign Minister Yohei Kono and Chinese Foreign Minister Qian Qichen clashed Tuesday [27 September] over China's recent testing of nuclear weapons and Japan's retaliatory suspension of financial aid to Beijing.

On the other hand, they agreed in a 40-minute meeting in New York not to allow the nuclear disputes hurt the "good relations between the two nations," a Japanese official said.

Kono and Qian are in New York for the UN General Assembly session.

Citing the recent nuclear tests, Kono "urged China to refrain from any further nuclear testing," the official said.

Without making any response to Kono's request, Qian criticized Japan for suspending financial assistance, except for humanitarian aid, saying that China cannot accept Japan "imposing a political condition on economic cooperation," according to the official.

Kono replied that economic aid cannot be extended without the support of the Japanese public.

Acknowledging "such strong public feelings" in Japan about nuclear weapons, Qian said China is working more vigorously than any other nuclear power to stop nuclear testing under the ongoing negotiations for the Comprehensive Test Ban Treaty (CTBT), the official said.

But Kono said China's demand for exclusion of "peace-oriented nuclear explosions" from the CTBT "raises a difficult problem for the ongoing negotiations," the official said.

Kono urged Beijing to reconsider the proposal for exclusion.

Saying that China "is not the one hindering the treaty negotiations," Qian told Kono that Beijing has been insisting on a "thorough" ban of nuclear testing "from the beginning," the official said.

While voicing such differences, however, the two ministers agreed that the nuclear issue should not lead to straining the bilateral ties that are "essential for peace and stability in the Asian region," the official said.

Against this backdrop, Kono and Qian decided to discuss "frankly" their positions on the nuclear issue, the official said.

In the context of maintaining global peace and stability, Kono also urged China to continue working toward mending relations with the United States.

The Japanese foreign minister called for China's cooperation to realize a successful summit meeting of the Asia-Pacific Economic Cooperation forum, which Japan is hosting in November, particularly over the representation of Taiwan, the official said.

Qian was not able to comment on this issue due to a lack of time, the official said.

Kono Urged To Criticize PRC, France at UN

OW2709115995 Tokyo MAINICHI SHIMBUN in Japanese 26 Sep 95 Morning Edition p 3

[FBIS Translated Text] On 25 September, deputy New Party Sakigake [Harbinger] leader Shusei Tanaka, held a news conference at party headquarters. He said that Yohei Kono, deputy prime minister and foreign minister, in his speech at the United Nations, should: 1) demand the discontinuation of nuclear testing and name France and the PRC, which forced through their nuclear tests, for criticism; and 2) ask that the permanent UN Security Council members take the lead in disarmament and arms control.

Tanaka also asserted that Japan should propose that UN peacekeeping operations (PKO) be written into the UN Charter; spell out the need to upgrade the ban on the manufacture and use of all land mines in an international regulatory framework; and indicate its readiness to offer suggestions on UN reform.

Tanaka said: "These are important issues bearing on Japan's future. If these are not included [in the speech], Japan cannot help but be regarded as timid due to its desire to become a permanent Security Council member. Then, we will also have to think about the virtue of being a part of the coalition government." He strongly urged the inclusion of the above points.

Kono, Rio Group Draft Antinuclear Resolution

OW2709020195 Tokyo KYODO in English 0100 GMT 27 Sep 95

[FBIS Transcribed Text] New York, Sept. 26 KYODO — Japanese Foreign Minister Yohei Kono and his Rio Group and Caribbean counterparts agreed Tuesday [26 September] to cooperate in submitting a resolution at the current UN General Assembly session to stop testing of nuclear weapons.

In a 60-minute breakfast meeting, Kono deplored the recent resumption of nuclear tests by France and China, and stressed the need to submit the resolution to "create an environment toward an early conclusion" of the Comprehensive Test Ban Treaty (CTBT), a Japanese official said.

"For that end, it must be a strong resolution with support from as many countries as possible," Kono was quoted as saying.

The Rio Group and Caribbean representatives conveyed their intention to actively participate in formulating the resolution through consultations with Japan, the official said.

The breakfast was attended by 10 foreign ministers or their deputies from the Rio Group, which is a forum of 12 nations in the 33-country Latin American region, and four representatives from other Central American and Caribbean nations.

Kono told the group that Japan will continue seeking conclusion of the CTBT next year, and hopes to host the signing ceremony as the only nation that has suffered atomic-bomb attacks.

The Japanese foreign minister promised emergency aid worth 150,000 dollars to help Caribbean and Latin American nations hit by a series of hurricanes in September, the official said.

Referring to the planned UN reform, Kono called for strengthening the Security Council by adding as permanent members, "a limited number of countries that have the capability and intention to take global responsibility on world peace and stability," the official said. Japan wants to become a permanent member of a revamped Security Council.

The Rio Group stressed the importance of "regional balance," while urging inclusion of representatives from Latin America as permanent members of a new Security Council.

Kono and the group reconfirmed that they would hold a high-level economic meeting in Tokyo in December.

Kono Discusses Mending Ties With PRC, France

OW2709082495 Tokyo KYODO in English
0608 GMT 27 Sep 95

[By Kohei Murayama]

[FBIS Transcribed Text] New York, Sept. 26 KYODO — Japanese Foreign Minister Yohei Kono believes it is about time to start mending the fence built between Japan, and both China and France following their recent nuclear tests — the most publicly sensitive issue for Japan.

Not only did he tone down his speech to the UN General Assembly session by not directly naming China and France, Kono even stressed the need to improve relations during his separate talks with Chinese and French foreign ministers.

In fact, Kono reiterated Japan's dissatisfaction with the nuclear tests and called for stopping any further testing during the meetings with Chinese Foreign Minister Qian Qichen and French Foreign Minister Herve de Charette, a Japanese official said.

Without getting any response, Kono instead faced criticism from the two ministers over Japan's retaliatory actions.

Qian criticized Japan's suspension of grant-in-aid, except humanitarian aid, stressing that China cannot accept Japan "imposing a political condition on economic cooperation," the official said.

Criticizing a growing boycott of French goods in protest over the testing of nuclear weapons, De Charette told Kono that such actions "both indirect and direct, will dampen (bilateral) relations," the official said.

Both Chinese and French ministers acknowledged Japan's strong public feeling over nuclear weapons but stressed that gaps remain between the two nations.

They made the comments against Kono's overture to prevent the nuclear issue from seriously hurting bilateral ties by continuing exchanges and cooperation in other areas.

Kono even welcomed France's commitments to there being no exceptions to the proposed Comprehensive Test Ban Treaty (CTBT), and noted that such "positive action" would lead to improving bilateral ties, the official said.

Kono also called for arrangements through diplomatic channels to realize a visit to Tokyo by French President Jacques Chirac and also promised that Japan would continue promoting such cultural exchanges as a sumo wrestling tournament in Paris.

As for the Chinese foreign minister's criticism of suspended grant-in-aid, Kono countered by saying, "economic aid cannot be extended without the support of the Japanese public," the official said.

Kono also rapped China's demand for exclusion of "peace-oriented nuclear explosions" from the CTBT as raising "a difficult problem for the ongoing negotiations."

But Kono and Qian agreed that the nuclear issue should not lead to straining bilateral ties that are "essential for peace and stability in the Asian region," the official said.

Against this backdrop, he said Kono and Qian decided to discuss "frankly" their positions on the nuclear issue.

In his closely watched speech to the UN General Assembly session, Kono just referred to "certain countries" instead of specifying China and France in expressing Japan's regret over the resumed nuclear tests.

"I cannot but deeply deplore the nuclear tests conducted by certain countries ... just as the international community has begun to make further progress toward a nuclear-free world."

Japanese officials said Kono decided not to use the occasion of his formal speech at the international gathering to specify individual nations, and he instead expressed hope that other global efforts would lead to stopping nuclear testing.

In his speech, which was translated into English, Kono said Japan intends to "sponsor a draft resolution calling for the cessation of nuclear testing" in the current annual general assembly session, while calling for "support and cooperation" of all UN members.

EPA Head on Effects of Pump-Priming Package

OW2709113695 Tokyo TOKYO SHIMBUN in Japanese 21 Sep 95 Morning Edition p 3

[FBIS Translated Text] On 24 September, the government decided on a package of economic stimulus measures totalling more than 14.2 trillion yen, the largest ever. The package's highlight is that the government will increase the "genuine" part of fiscal expenditures that has the direct effect of expanding domestic demand, and the business community has strongly demanded it. Will the package of pump-priming measures generate the effect of really shoring up the flagging economy? Economic News Department reporter Hideo Kameoka of the TOKYO SHIMBUN has interviewed Isamu Miyazaki, Economic Planning Agency [EPA] director general, who joined the Murayama cabinet as an economist from the private sector, about priorities of the package and prospects for Japan's economy.

[TOKYO SHIMBUN] Does the package incorporate what you wanted?

[Miyazaki] Looking at the size of the stimulus measures package, it is enough to stimulate the sagging economy. Even if the package is increased, it would be impossible to further increase the number of public works projects. The outlay for public works projects, which have the direct effect of expanding domestic demand, will be increased to 8 trillion yen, and I will work to have the package yield a better effect on expanding domestic demand. With the package of pump-priming measures unveiled, public works projects, the implementation of which has declined since last year, will visibly increase. In the aspect of quality, the package has been mapped out in line with the goal of creating a climate for new industries and a higher investment ratio in the fields of information, research, and development.

[TOKYO SHIMBUN] When will the package generate the desired effect of expanding domestic demand?

[Miyazaki] It will take some time for the government to conclude contracts for the public works projects and implement them. I do not expect the package to generate the desired effect within this year. The government's economic outlook projects this year's growth at 2.8 percent, and even if the package is implemented, it would be difficult to achieve the projected growth of 2.8 percent. Japan's economy will slowly recover beginning early next year. The growth rate can be expected to rise to about 3 percent by the end of next year, an average growth rate for industrialized nations. Now that the Bank of Japan has brought down the official discount rate, the economy will undoubtedly recover and get better.

[TOKYO SHIMBUN] So far, the government has implemented a series of economic stimulus measures totaling nearly 50 trillion yen. Nonetheless, the economy has yet to recover. What do you think of this?

[Miyazaki] Past pump-priming measures have been large in scope, but the public works projects have not been as large. This time, the government is attaching importance not only to scope, but also to the quality of the public works projects that have the direct effect of expanding the domestic demand when it has mapped out the package. But I do not mean that past pump-priming measures have generated little effect of boosting domestic demand. Public works projects have steadily grown in number, while shoring up the sagging economy. But the burst of the bubble economy has had a great impact on the economy. Public works projects have been unable to halt the decline in the investment of plants and equipment as well as personal consumption. For this reason, the economy has yet to recover despite the past economic stimulus measures for which a total of 50 trillion yen has been spent.

[TOKYO SHIMBUN] What has caused consumption and production to fall?

[Miyazaki] Land prices have plummeted following the burst of the bubble economy, and both businesses and individuals have began to balk at making fresh investment and spending despite their financial capabilities to do so. Assets have fallen in price while businesses and individuals have been cautious about making fresh investment and spending. As a result, financial institutions have been unable to sell land that they have taken as security. These factors have combined to give rise to the issue of bad loans and even banking, an artery of the economy, has becoming stalemated. The government should take measures to deal with the bad loans, reform the current tax system, and boost land prices. These measures are indispensable for the relaxation of regulations and the reform of economic structure. Japan has now reached the point where it no longer balks at reforming its economic structure in light of its relations with the rest of the world. Both the government and private sector should realize this point and cooperate with each other. The government plans to map out a package of those measures within this year following the latest package of economic stimulus measures. The economy is like baseball. The economy needs a package of measures to recover, but no team can win in a baseball game without the strenuous efforts of all players.

Daiwa Bank Postpones Liquidation of Bad Loans

OW2609151595 Tokyo KYODO in English 1344 GMT 26 Sep 95

[FBIS Transcribed Text] Osaka, Sept. 26 KYODO — Daiwa Bank, which has suffered a $1.1 billion loss in irregular bond trading, said Tuesday [26 September] it will put off the liquidation of part of its bad loans until the latter half of fiscal 1995.

The Osaka-based bank said the disposal of about 30 billion yen worth of bad loans will be carried over into the latter part of the fiscal year ending next March 31.

The bank said its original plan called for the write-off of 45 billion yen worth of bad loans in the early part of the fiscal year.

The bank reported the rescheduling of bad loan disposal after its New York brand incurred a loss of $1.1 billion in unauthorized bond trading by a dealer.

The company will have to write off more than 85 billion yen worth of bad loans in the latter half of the current fiscal year.

Draft Panel Report Addresses Full Banking Issues

OW2709091195 Tokyo KYODO in English 0855 GMT 27 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 27 KYODO — An interim report by a government advisory panel will offer a set of proposals on how to clear up the mess in Japan's banking sector in hopes of restoring international confidence in the sector severely bruised by a mountain of problem loans, according to the report's draft.

The proposals put forward by the Financial System Research Council range from maximum self-help efforts among concerned banks, an expanded disclosure on financial data and dissolution of hopeless financial organs to the establishment of a loan-buying vehicle and a conditional use of public money in the liquidation of bad loans, said the draft report obtained by KYODO NEWS SERVICE.

Recommendations in the report, ready for release by the advisory organ to the finance minister later Wednesday [27 September], will serve as a basis for parliamentary discussion from the end of this month on banking reforms.

The interim report states that ensuring the stable operations of financial institutions is an indispensable condition for achieving sustainable economic growth in Japan.

On the most controversial issue of whether to use public funds in settling the banking crisis, the report underscores the need for maximum self-help efforts within the banking sector and a hike in deposit insurance premium rates before turning to such a step.

If depositors at a failed financial institution are exposed to the risk of loss despite such efforts, then the use of taxpayers' money should be considered in coming five years, the report says.

The Finance Ministry earlier said the ministry will work out a framework on how to solve the banking crisis within five years. During that period, a payoff system, in which depositors with an amount of up to 10 million yen are subject to deposit protection under the deposit insurance system.

The report indirectly proposes a conditional use of public money for the dissolution of bad-debt strapped housing loan companies.

"Even in the case of financial institutions which have yet to face bankruptcy, if a delay in disposing of their bad loans is deemed as having significantly harmful effects on the overall Japanese banking sector, an early solution to the issue, including the introduction of public money, may be better considered," the report says.

This phrase does not specifically refer to housing loan companies but the explanation is regarded as describing the situation facing such companies.

The report says the current woes of housing loan firms partly stem from lax supervision by the finance ministry.

"Administrative authorities failed to provide adequate instructions when housing lenders began to suddenly lean toward lending to corporate clients," the report states.

Housing loan firms were created in the 1970s, with the ministry's backing, to meet growing demand for individual housing loans.

But when the bubble era of inflated land prices set in the late 1980s, the companies began extending loans to the real estate sector rather than individuals. The ministry was said to have been too lenient regarding the trend.

At present, two groups of creditors are warring over how to assume the huge cost of liquidating problem loans at Japan's eight housing lenders.

Agricultural cooperative-affiliated banks, the largest creditors, maintain commercial banks, which founded the housing loan firms, should shoulder a full financial burden.

The founding banks say all creditors concerned should pay the cost in proportion to the amount of loans extended.

The interim report says the two parties should try to reach consensus on a basic policy and specifics in settling the issue.

The report says they "are requested to do their utmost to meet halfway."

As a way of disposing of bad loans gripping the housing lenders, the advisory panel proposes setting up a special entity in charge of purchasing such loans.

Citing on-the-spot inspections conducted by the Finance Ministry since August, the report says the eight housing lenders are saddled with a combined 8.4 trillion yen of bad loans, including 6.3 trillion yen in irrecoverable loans.

the advisory panel said failed financial institutions should basically not be allowed to stay in business after going under.

"To be protected are depositors and the credit order, not bankrupt financial institutions, board directors, shareholders, employees and those who put up capital for the failed organs," says the report.

On the disclosure of problem loans, the panel proposes that regional banks make public their loans in arrears from the year ending in March 1996.

Of ordinary commercial banks, those having overseas outlets alone are subject to such disclosure from the year.

At present, all banks must reveal the amount of loans to bankrupt borrowers. Of them, 21 major commercial banks are required to disclose the balance of nonperforming loans, which are defined as loans with interest payments in arrears for six months or longer.

The report also says credit unions with a certain deposit scale should begin revealing loans to bankrupt borrowers in the year ending in March 1996.

The panel recommends an early warning system for financial institutions in danger of going under.

It cites net capital ratio as one of the benchmarks for assessing such a danger.

As a quick fix to prevent banks from going bust, the panel proposes an expanded ceiling on emergency loans by the bank of Japan.

The interim report will be finalized by the panel by the end of December.

Based on the latest report, Finance Minister Masayoshi Takemura will unveil the government's basic policy on problems of bad loans Wednesday evening.

The proposals will be put forward amid mounting global concern over Japan's banking system.

Major U.S. credit rating agencies have recently given severer assessments to Japanese commercial banks.

Major Japanese banks already have trouble raising funds in overseas markets as they are slapped with additional interest rates on lending, called "the Japan premium."

Highlights of Panel Report on Bad Loan Disposal

OW2709123895 Tokyo KYODO in English
1217 GMT 27 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 27 KYODO — The following are highlights of an interim report on the disposal of bad loans at Japanese financial institutions, which was released Wednesday [27 September] by the Financial System Research Council, an advisory body to the finance minister.

- propose conditional use of public funds for the liquidation of bad loans.

- basically not allow financial institutions to stay in business after going under.
- propose to promptly study the establishment of an entity in charge of purchasing bad loans held by housing loan firms.
- urge founding banks of housing loan companies to play a primary role in reaching an agreement on the disposal of housing lenders by the end of this year.
- acknowledge financial authorities' failure to provide sufficient instructions on lending activities by housing loan firms.
- propose to raise the rate of deposit insurance premiums and to expand the limit of borrowing by Deposit Insurance Corp. from the Bank of Japan.
- propose to study pros and cons of using taxpayers' money in liquidation of bad loans facing even financial institutions which have yet to go bankrupt.
- recommend an early warning system for financial institutions in danger of going under.
- call for greater disclosure of financial data, including having large-scale "shinkin" credit banks reveal data on their loans to bankrupt borrowers from book closing for the year ending in March 1996.

Government Urges Solution to Banking Mess

OW2709145795 Tokyo KYODO in English
1445 GMT 27 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 27 KYODO — The government Wednesday [27 September] unveiled a set of measures to mop up the mess in the banking sector in line with an earlier report by an advisory panel as a means to restore international confidence damaged by its huge bad loans.

Finance Minister Masayoshi Takemura told a news conference, "the problem of bad loans in the banking sector is so urgent that any further delay to a solution is not possible."

"The ministry will emphasize further disclosure of problem loans, smoother procedures for dissolving failed banks, higher deposit insurance premiums and sounder management of credit unions," Takemura said.

On the controversial issue of how to liquidate housing loan companies, Takemura said a framework for solution should be crafted within this year based on discussion among the parties concerned.

Takemura also said the viability of public funds in settling the banking crisis should be fully studied.

These measures are basically in line with an interim report on Japan's banking reforms, which was announced earlier in the day by the Financial System Research Council, an advisory panel to the finance minister.

Ryuichiro Tachi, a professor emeritus at the University of Tokyo who is in charge of compiling the report, said, "the perceived instability in the Japanese banking system has spawned excessive concern both at home and abroad."

"Our panel has urged financial authorities to take adequate steps because failure to tackle the issue promptly is expected to amplify such an uneasiness," Tachi said at a press conference.

Proposals in the report range from maximum self-help efforts among banks concerned, greater disclosure of financial data and dissolution of failed financial organs to the establishment of a loan-buying vehicle and conditional use of public money for the liquidation of bad loans.

The recommendations will form the basis of parliamentary discussion from the end of this month on Japan's banking reforms.

The report was mapped out amid mounting global concern over Japan's banking sector, now struggling under a heavy load of bad loans following the bursting of the "bubble" economy.

Major U.S. credit rating agencies have recently given severer assessments to Japanese commercial banks, a development making it harder for them to raise funds smoothly in overseas markets.

They are slapped with additional interest rates on lending, called "the Japan premium."

The interim report will be finalized by the advisory panel by the end of this year.

As for whether taxpayers' money will be used in the disposal of bad loans, the most sensitive issue in the ongoing discussion on banking reforms, the government policy did not offer specific prescriptions.

Takemura said the ministry will study the feasibility of injecting public funds on a temporary basis, while upholding the basic principle that such loans are to be liquidated through self- help efforts within the banking sector.

This approach was reflected in the report, which says maximum efforts should first be made within the banking sector, including a hike in deposit insurance premiums, before dipping into government coffers.

If depositors at a failed financial institution are exposed to the risk of loss despite such efforts, then the use of taxpayers' money should be considered, the report says.

The report indirectly proposes the conditional use of public money for the dissolution of housing loan companies riddled with huge bad loans.

"Even in the case of financial institutions which have yet to face bankruptcy, if a delay in disposing of their bad loans is deemed to have significantly harmful effects on the overall Japanese banking sector, an early solution to the issue, including the introduction of public money, may be considered," the report says.

The phrase does not specifically refer to housing loan companies, but Professor Tachi said, "it might be so interpreted."

The report, however, also cited warnings against the use of public money for housing lenders, apparently reflecting conflicting views on the issue.

"There has yet to be a full discussion to win taxpayers' understanding. Some panelists pointed to ethical risks among management at financial institutions," the report states.

The report says the current woes of housing loan firms partly stem from lax supervision by the Finance Ministry.

"Administrative authorities failed to provide adequate instructions when housing lenders began to suddenly lean toward lending to corporate clients," it states.

The report calls for commercial banks, which founded housing loan firms, to play a primary role in reaching an agreement on the basic policy and specifics of a solution to the crisis at housing lenders.

At present, two groups of creditors — agriculture-related banks and funding banks — are warring over how to assume the huge cost of liquidating problem loans at Japan's eight housing lenders.

All parties concerned "are requested to do their utmost to meet halfway," the report states.

The report proposes setting up a special entity in charge of purchasing housing lenders' bad loans.

On the disclosure of problem loans, the government will ask regional banks to make public loans with interest payments in arrears for six months or lager from the year ending March 1996, Takemura said.

At present, regional banks disclose the amount of loans only to bankrupt borrowers. Twenty-one major commercial banks are to disclose the balance of all nonperforming loans, including those with interest reduced or waived.

The government will also request credit associations with a certain deposit scale to reveal loans to bankrupt borrowers in the year ending March 1996, Takemura said.

Takemura said the government will announce the total of all bad loans by Japanese financial institutions as of the end of September.

to improve procedures for dissolving of failed financial institutions, the government will create an early warning system to identify mismanagement and a system to initiate disposal at an earlier stage, Takemura said.

On this issue, the report states that failed financial institutions should basically not be allowed to stay in business after going under.

"To be protected are depositors and the credit order, not bankrupt financial institutions, board directors, shareholders, employees and those who put up capital for the failed organs," says the report.

For the early warning system, the report cites net capital ratio as one of the criteria for assessing the danger of going under.

To ensure sound management of financially-weak credit unions, the government will take several necessary measures, Takemura said.

Among them are strengthening cooperation in inspections and supervisions of credit unions between central and local governments, and the establishment of an entity to take over operations of failed credit unions, he said.

Prefectural governments, which currently supervise credit unions, are said to be unable to afford such supervision.

Talks Break Down Over Housing Loan Debt Issue

OW2709123995 Tokyo KYODO in English
1232 GMT 27 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 27 KYODO — The first round of negotiations between farm-affiliated financial institutions and commercial banks over ways to deal with seven heavily indebted housing loan firms broke down Wednesday [27 September], informed sources said.

The commercial banks are principal founders in the housing loan companies while financial institutions affiliated with agricultural cooperatives are major lenders to the mortgage firms.

The sources said the banks presented a plan to liquidate all seven housing lenders and asked the farm institutions to share the losses.

The agricultural institutions, however, insisted that the banks be responsible for the trouble as the principal founders, they said.

These were the first direct negotiations between the two sides over the financial crisis facing the housing loans companies.

The breakdown of Wednesday's negotiations will be reported to a project team on financial and securities problems formed by the three ruling coalition parties on Thursday, the sources said.

They said commercial bank representatives met separately with executives of three farm-related institutions, including Norinchukin Bank.

The bank officials made known their intention to dismantle the housing loan companies on the principle of lenders sharing responsibility for the affair, stressing their reconstruction is difficult, the sources said.

The farm institutions argued that the banks should be held responsible for the crisis, they said.

Domestic Rice Brands Draw Low Prices at Auction

*OW2709092995 Tokyo KYODO in English
0845 GMT 27 Sep 95*

[FBIS Transcribed Text] Tokyo, Sept. 27 KYODO — Reflecting a supply glut resulting from a bumper harvest last year, most domestic rice brands drew low prices at an auction held in Tokyo on Wednesday [27 September], organizers said.

Among a total of 38 brands put on sale at the auction, only two "Koshihikari" brands produced in Niigata Prefecture were sold at prices higher than standard prices.

Rice distributors, who organized the auction, said the Koshihikari brands attracted the ceiling bid prices of 7 percent above the standard prices.

Four brands, including Koshihikari produced in Ishikawa Prefecture, were sold at the lowest allowable prices of 7 percent below the standard prices, they said.

The organizers predicted the rice market will remain bearish in view of a large volume of surplus rice held in stock and imports which began this year under an accord reached at the Uruguay Round of world trade negotiations concluded at the end of 1993.

Following a bumper harvest last year, Japan's rice production this year is expected to be better than normal. Japan is required to start importing foreign rice this year under the Uruguay Round agreement.

Dealers said the price gap between a few high class rice brands and others is widening.

Hashimoto on LDP Policies, Tax Revision

*OW2709083495 Tokyo MAINICHI SHIMBUN
in Japanese 26 Sep 95 Morning Edition p 2*

[FBIS Translated Text] Liberal Democratic Party [LDP] President Ryutaro Hashimoto granted an interview to MAINICHI SHIMBUN on 25 September. Regarding Prime Minister Tomiichi Murayama's call for reconfirming the three-party agreement reached by the ruling coalition parties, he said: "Japan does not exist for the sake of the three-party agreement. We are working for Japan, our precious nation." Hashimoto emphasized his stance of maintaining the LDP's original policies much further than before.

In concrete terms, he mentioned freezing land value tax and a review of the corporate tax system. He showed a strong eagerness to revise the tax system, noting: "I have heard that the other two ruling parties have a negative stance. However, a freeze on land value tax is not opposed in the three-party agreement."

Prior to this interview, Hashimoto held a news conference at the party headquarters on the same day for the first time since his inauguration as new LDP president. Indicating his determination, Hashimoto said: "I intend to do my best to restore the public trust that the people had at one time for my predecessors."

Ozawa on NFP Strategy for Next General Poll

*OW2709103395 Tokyo YOMIURI SHIMBUN
in Japanese 26 Sep 95 Morning Edition p 3*

[FBIS Translated Text] On 25 September, Ichiro Ozawa, New Frontier Party [NFP] secretary general, attended a party lecture for NFP dietmen and local assemblymen of the Tokai region in Nagoya city and gave his views on and strategy for the next House of Representatives' election.

According to the lecture participants, Ozawa, while commenting on the next general election, stressed: "Because (the NFP) has strong support, particularly from voters in the urban centers, we can win a majority." He indicated the NFP's confidence in winning a majority in 20 out of 47 prefectures and the possibility of being in dead heat for winning a majority of the races in 13 prefectures.

In connection with the strategy to win the general election, he pointed out: "We should have the party leader and secretary general, who can easily win at elections, win the races in single-seat constituencies rather than have them run both in single-seat constituencies as well as in the proportional representation constituencies. Then we can gain more votes in the proportional representation constituencies. We should change our election strategy." He noted that it is better for top party officials, including President Toshiki Kaifu, to run only in their single-seat constituencies.

Commenting on the timing for a lower house dissolution and a general election, he noted: "There is no possibility that the general election will come before the (FY96) budget compilation is completed. By common sense, the general election will probably be in April or May of next year." However, he added: "I hope party members will get ready to deal with a possible lower house dissolution in January and a general election in February at the earliest."

Diet Battle 'Likely' Over Religious Groups Law

*OW2709125195 Tokyo KYODO in English
1212 GMT 27 Sep 95*

[FBIS Transcribed Text] Tokyo, Sept. 27 KYODO — The ruling coalition and the main opposition Shinshinto (New Frontier Party) are likely to clash in the extraordinary Diet session starting Friday [29 September] over whether the law on religious organizations should be revised, Diet sources said Tuesday.

The 134th extraordinary Diet session, which will last for 46 days until Nov. 13, will also focus on the second fiscal 1995 supplementary budget totaling 5 trillion yen that is designed to kick-start the stalled economy.

Shinshinto is expected to try to avert full Diet discussion of the religious issue by prolonging budget debate through accusing Prime Minister Tomiichi Murayama of delaying measures to cope with the economic slump, the sources said.

The ruling parties, comprising the Liberal Democratic Party (LDP), the Social Democratic Party (SDP) led by Murayama and New Party Sakigake, plan to revise the religious corporation act after passing the supplemental budget bill.

Revision of the law governing religious organizations has become an issue in the wake of a series of crimes allegedly committed by the Aum Shinrikyo religious cult and Shinshinto's victory in the July House of Councillors election on the strength of support from Soka Gakkai, a lay Buddhist group.

The LDP, the largest group in the tripartite coalition, has been a leading crusader for a revision of the law and aims to submit a bill to this effect.

Shinshinto, the product of a December 1994 merger of nine opposition parties, including the Soka Gakkai-backed Komeito, regards the move as an attempt to reduce the lay Buddhist group's political influence.

The Diet session will begin with a policy speech by Murayama on the first day and the fielding of questions from Oct. 2 through 4.

Finance Minister Masayoshi Takemura, head of New Party Sakigake, will deliver a speech on Oct. 4, when the government is to submit bills for the second supplementary budget.

The ruling and opposition parties will start debate on the budgetary bills on Oct. 11, the Diet sources said.

Shinshinto officials said the party will demand an upscaling of the supplementary budget, which they say is not enough to reinvigorate the economy.

But the government is expected to quickly counter Shinshinto by submitting a bill to revise the law regulating religious organizations.

Also likely to be on the agenda for the Diet session is the validity of applying the law on subversive activities to Aum Shinrikyo, the Diet sources said.

The Diet is also expected to discuss the potential revision of an accord on the status of U.S. military personnel in Japan following the alleged abduction and rape of a Japanese schoolgirl by three U.S. servicemen.

Kato Urges Revision of Religious Groups Law

OW2709135795 Tokyo KYODO in English 1258 GMT 27 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 27 KYODO — Koichi Kato, the newly appointed secretary general of the Liberal Democratic Party, said Wednesday [27 September] he wants the Diet to pass a bill to revise the law on religious groups during an extraordinary Diet session that starts Friday.

"What is a serious concern among the Japanese people is the issue of religious activities, that is, the criminal case involving Aum Shinrikyo," Kato said in an interview with KYODO NEWS SERVICE.

"We must discuss how religious organizations should be. We don't have a political intention in mind nor do we intend to target any specific religious group," said Kato, who assumed his post on Monday.

The LDP, the biggest party within the tripartite ruling coalition, is to submit the bill to the 46-day extraordinary Diet session.

LDP's key rival, the main opposition Shinshinto (New Frontier Party), claims the LDP's move is designed to weaken the political clout of Soka Gakkai, a lay Buddhist group that supports Shinshinto.

Asked about the timing of the next general election, Kato said it will not come until the government handles with the next fiscal year's budget.

As for prospects for a political shakeout, Kato said he wants to see how Prime Minister Tomiichi Murayama's Social Democratic Party will develop into a new party as a "third axis," because such a party could have a casting vote under the present electoral system.

"Under the single-seat electoral system, a third party will have a casting vote in any case if no single party takes a majority. This is an unavoidable systemic problem," Kato said.

Kato said it is natural for a political party to try to supply the premier even in the case of a coalition government.

But he went on to say that it is important to take care of the mutual confidence built up with the Social Democratic Party and New Party Sakigake over the past year.

Former Speaker Tamura Decries Political Leaders

952B0205A Tokyo SHUKAN GENDAI in Japanese 22 Jul 95 pp 52-53

[Comments by Hajime Tamura, former speaker of the House of Representatives]

[FBIS Translated Text] **Former Lower House Speaker Hajime Tamura, alias Tamugen and also nicknamed "a lone wolf in the political world," made a sudden announcement on 27 June that he would retire. Mr. Tamura then shouted that "you, the ones born in the Taisho era and in the first nine years of Showa, join me and leave the political world together." This time he has passed the following acrimonious and unreserved comments on influential politicians including Liberal Democratic Party [LDP] President (and Foreign Minister) Yohei Kono, International Trade and Industry Minister Ryutaro Hashimoto, and Shinshinto [the New Frontier Party] Secretary General Ichiro Ozawa.**

People say that Meiji is now a far-gone age, but the same thing can be said about Taisho as well. Now all of those born in the first nine years of Showa and earlier had better leave the political world. When a politician grows older, he will sink neck-deep in the muddy political world and eventually see even his hair smeared with mud.

Moreover, when he grows older, his ability, too, will fall off although he thinks he is still young. When I observe an intrusive act by one born in the Taisho era or in any of the first nine years of Showa, I feel as if I am seeing an aged man who painted his face with makeup. It is indeed an ugly sight. Aged people should retire at once, giving way to young people.

I say "good-bye" to the political world, though I am not Osamu Dazai [a novelist whose works include "Good-By"].

However, I have a word to leave before bidding farewell to Nagata-cho [political quarters in Tokyo]. This is because the LDP has not yet eliminated age-old evils and factional struggles despite its considerable improvement with the movement of those notorious elements to Shinshinto.

What I want young executives such as Mr. Kono and Mr. Mori (Secretary General Yoshiro Mori) to carry out without fail is putting an end to factional struggles. It is said that factions have outwardly been dissolved, but moves smacking of factional activities have emerged again with an eye toward the party presidential election expected in the fall. This is due to the appearance of those guys who would like to sell themselves for ministerial posts by favor of the election winner. The executive leadership must take drastic measures to dispel distrust in political parties and revive its own party.

However, when one takes a look at the present LDP, one will find that the party has only "work-on-a-salary-style executives" and lacks people of great caliber. It is said that Mr. Kono, Mr. Hashimoto, and, creeping along between the two, Mr. Obuchi (LDP Vice President Keizo Obuch) will surface in the September party presidential election; however, the event is in no way appealing just like a sumo tournament not joined by all senior-grade and higher-ranking wrestlers. It is a tournament among petty fellows, not the kind of contest we once saw among big-hearted persons like Hayato Ikeda, Eisaku Sato, and Ichiro Kono. For good or for ill, Kakuei Tanaka may have been the last politician who deserved to be called a man of great caliber.

Compared with successive LDP strong men, both Mr. Kono and Mr. Hashimoto are still of small stature and also have many defects.

First as to Mr. Kono, he has no charisma and is overly rational in human relations. He must learn to associate with people in a more carefree manner.

Mr. Kono is excessively meticulous. So is also Mr. Kato (Policy Affairs Research Council Chairman Koichi Kato), and when I observe recent young fellows, I cannot feel in them something fascinating as humans. It would be better if they acquire the flavor of character actors a little bit, would it not? If Mr. Kono aims to become prime minister, he should have frank and candid communications with young Diet members.

It might be better if Mr. Kono kept being antimainstream throughout his life rather than seeking to become prime minister and party president. I say this because he has a rebellious aspect in his character like his father Ichiro Kono. In view of such a character and political inclination, people might feel slight pity for him when they see him seeking to become prime minister.

In this respect, Mr. Hashimoto might have a more natural bent for prime minister. If things go smoothly for him, he will be able to become the "father of the LDP's revival."

He held firm in a really excellent way in Japan-U.S. automobile negotiations as well. When I met him after his return to the country, I praised him, saying that "you did a good job." I admire him for carrying his point that far in the quarrel with the United States on an equal footing. Those days when I was international trade and industry minister (1986), no quarrel was possible because bureaucrats applied brakes. On the contrary, Mr. Hashimoto slapped bureaucrats on the rump and adamantly refused to make concessions.

However, although he is top-notch in policy matters, the fly in the ointment is that he lacks a sense of obligation and warm heart. In this respect, like Mr. Komoto, Mr. Hashimoto, too, is not yet equal to the post of prime minister. If one wants to be prime minister, one should discard rationalistic individualism or—shall I say—individualistic rationalism. Even though one is best posted on policy affairs in the political world, one still cannot become prime minister unless there are supporters. Both Mr. Kono and Mr. Hashimoto are devoid of human attractions and not equal to the post of prime minister.

Compared with Mr. Kono and Mr. Hashimoto, I think that Mr. Murayama (Prime Minister Tomiichi Murayama) is a man of large scale and has attraction as a human being. I think so because, though in a slow and languid fashion, he is somehow keeping together the LDP, the Social Democratic Party of Japan [SDPJ], and Sakigake [Harbinger] which differ in the very outlooks on the State and on the world.

At this stage, honestly speaking, no one can tell who will win in the LDP presidential election in September. Generally speaking, Mr. Hashimoto is preferable as prime minister in as turbulent a situation as we have now. However, he is unfit for the job in ordinary times. Mr. Obuchi would be preferable when the atmosphere is very peaceful and as cozy as, say, a sunny spring day.

"I Shuddered at Mr. Ozawa"

Well, Mr. Ozawa, who was once at the zenith of his power, is in low spirits these days. He has charisma and many excellent qualities, and I like him personally. Regrettably, however, there are too many problems in his character. He has so many defects that his demerits are equal or larger than his merits in number.

Mr. Ozawa's foremost defect is a mixed existence of two temperaments—manic and depressive. At the first glance, he seems largehearted, but he is very nervous and also has strong likes and dislikes regarding people.

It also goes against my grain that Mr. Ozawa chose Toshiki Kaifu as head of Shinshinto. There may have been his own reasoning, but I cannot understand this step. He and Hata (former Prime Minister Tsutomu Hata) rebelled together against Takeshita (former Prime Minister Noboru Takeshita) and kept leaning on each other. He sacked such a colleague and installed Mr. Kaifu as head of the party. Those of my generation can hardly do such a thing. I feel that I saw a blunt or terribly shuddering side of his character.

Why did Takeshita and Kanemaru (former LDP Vice President Shin Kanemaru) install Kaifu as prime minister in 1989? It was because Kaifu paid respects to them by phone every morning and evening and agreed to every demand they made. I suppose that Mr. Ozawa chose Kaifu, fancying himself equal to Shin Kanemaru and thinking that "Kaifu, if he is chosen, will comply with whatever request I make."

Be that as it may, I really feel pity for Mr. Hata. Ordinarily, it would not be strange for one to split and bolt the party when receiving such a treatment.

However, Mr. Hata lightheartedly took over the post of the party's second man, and in the current Upper House election campaign as well, he is bustling about the whole nation alone, agreeing readily to make supporting speeches. Simple honesty is what I really feel from him. In an original sense, a person who once served as prime minister or party head must not become a party's second man as long as there is no considerable reason such as the formation of a suprapartisan national cabinet. Mr. Hata does not understand this point as, I might say, he is too soft-hearted.

Because I have mentioned about Ozawa and Hata, I will also make a passing reference to Mr. Takemura (Finance Minister Masayoshi Takemura). Mr. Takemura is also not equal to the post of prime minister. Some say that Mr. Takemura resembles Takeo Miki (former prime minister), a politician nicknamed Vulcan [so named because, though slightly, he limped like Vulcan and also because of a series of moves within the LDP to oust him from the post of prime minister like Vulcan being thrown out of Olympus], but this view is totally wrong. Miki had ideas and ideals. And he had a pride in being a true parliamentarian. Therefore, Mr. Miki had in him a good quality coming from his somber refinedness. He is of a different class from Mr. Takemura who was originally a bureaucrat and served as governor of Shiga Prefecture until only recently.

There was a refreshing happening of late. It was Mr. Aoshima's (Tokyo Metropolitan Governor Yukio Aoshima) living up to his public commitment. This was indeed a splendid thing. It is because there has never been an era in which politicians failed to keep their public commitments more than the present. Despite these conditions, he lived up to his public commitment—although, I think, the deed represented a heavy gamble which might have led to a drop in his popularity. I felt really refreshed.

Mr. Aoshima who did not belong to any specific party was able to do such a thing; therefore, the LDP could do even a greater thing if it would make a serious effort. If the LDP wants to hit a real "home run," it should simply hammer out a policy for a total abolition of corporate donations. By so doing, it will see a sudden change in the public rating of the LDP. The LDP Diet members' policy-formulating capability is rated high; therefore, if the LDP itself directly calls for a total abolition of corporate donations and removes its money-related dirty image, the party will unfailingly see a change in its image.

I have mentioned various things as I like, but my era ended together with the collapse of the 1955 system [two big-party system realized in 1955 with the formation of the LDP and with the unity of the Japan Socialist Party or the present SDPJ]. I feel this solidly now that I have decided to retire.

North Korea

Delegation Departs 26 Sep for Reactor Talks

SK2609105695 Pyongyang KCNA in English 1041 GMT 26 Sep 95

[FBIS Transcribed Text] Pyongyang, September 26 (KCNA) — A delegation of the Democratic People's Republic of Korea left here today by air to attend an expert-level negotiation due in New York as part of negotiations for signing of an agreement on the provision of light water reactors [LWR] between the DPRK and the U.S.-led KEDO (Korean Peninsula Energy Development Organization).

The expert-level negotiation, to begin on September 30, will focus on the wording of an LWR supply agreement in line with the DPRK-U.S. framework agreement of October 21, 1994 and the DPRK-U.S. joint press statement of June 13, 1995.

'Talk' on Media 'Rumors' on Atlanta Olympics

SK2609071895 Pyongyang Radio Pyongyang in Korean to South Korea 1200 GMT 20 Sep 95

[Unattributed talk: "Phony Papers Will Be Made To Pay Dearly for Its Crimes"]

[FBIS Translated Text] Japan's SANKEI SHIMBUN remains notorious as a phony paper and continues to play the role of political maids to the South Korean puppets. On 7 September, SANKEI SHIMBUN committed a vicious crime by carrying a false and slanderous report by South Korean CHUNGANG ILBO that, while expressing its willingness to participate in the Atlanta Olympiad slated for 1996, North Korea asked Koreans residing in the United States to donate money. Since evil media that have abandoned their principles and conscience and played the role of spokesmen for reactionary forces have existed throughout history, the existence of such a phony paper as SANKEI SHIMBUN does not come as a surprise. However, we cannot help but make clear our position because SANKEI SHIMBUN is misleading public opinion with lies, deception, reversed outlook on values, and black-and-white logic, and is going against justice and truth.

When SANKEI SHIMBUN, as a maid of the South Korean Agency for National Security Planning [NSP], reversed black and white by carrying an article that accused us of having exaggerated our flood damages, we warned that if it joins the anti-Republic maneuvers of the South Korean puppets, it will not avoid disgracing itself.

However, reporters of SANKEI SHIMBUN joined the South Korean puppets' anti-Republic strategic maneuver this time, too, and tarnished the image of Japan's news media. By doing so, they plainly revealed that they are a group of venal writers on the payroll of the puppet NSP. The SANKEI SHIMBUN report full of distorted facts and lies does not deserve even a passing notice.

What is new in the paper's strategic propaganda to slander us is its bawdy method of making the report seem reliable. Japan's JIJI press carried a report by South Korea's CHUNGANG ILBO quoting remarks by a non-existant, high-ranking official of the puppet Foreign Ministry, and then the SANKEI SHIMBUN quickly reprinted it.

However, the hack writers have failed to achieve their insidious goal because the rumors of the DPRK's willingness to participate in the Olympics is completely not true, and because South Korean CHUNGANG ILBO and Japanese SANKEI SHIMBUN are notorious for their literary hackwork full of fraudulence and deception on the payroll of the puppet NSP. The South Korean phony newspaper CHUNGANG ILBO on 8 January carried a so-called travelogue on a secret visit to North Korea written by Yi Chan-sam, editor-in-chief stationed in Chicago of the United States, who is a well-thumbed NSP agent, and has been denounced by foreign media as a dirty waiting maid of the NSP. Many Japanese media, which had reprinted Yi Chan-sam's fanciful article directly, were driven to an embarrassing situation, and lodged a series of protests against CHUNGANG ILBO, and denounced Yi Chan-sam as human dregs when CHUNGANG ILBO's malignant nature was revealed to the world.

Since SANKEI SHIMBUN is dancing together with CHUNGANG ILBO under this situation, we cannot help but call them twin phonies. There is a saying that a puppet can recognize puppets and a fraud can recognize frauds. In conclusion, SANKEI SHIMBUN has been branded again as a political maid of the South Korean NSP. SANKEI SHIMBUN is a phony paper, which cannot be said to be the mouthpiece and propagandist of public opinion. Reporting truths and reporting based on truth is the mission of the press and is the life of press activities. When a news agency turns its back on the truth and is engaged in fraudulence and deception, it cannot avoid being denounced by public opinion as a phony agency and fraud. SANKEI SHIMBUN is an example that proves this.

From the historical point of view, SANKEI SHIMBUN has been a political maid of the South Korean NSP and has been engaged in slander and false propaganda against us. By reporting the whopping lie that the DPRK expressed its willingness to participate in the Olympics and asked for donations from Koreans in the United States, SANKEI SHIMBUN has once again revealed to the world that it is a phony paper.

When it carried an article that suspected us to have exaggerated our flood damages, the immorality of SANKEI SHIMBUN, which calculates everything in money, was plainly revealed. Because SANKEI SHIMBUN is a phony paper that knows nothing but money, it is not surprising that the paper supposes that a country may exaggerate its flood damages in a bid to obtain large assistance and links the fictitious expression of our willingness to participate in the Olympics with the intention to raise the fund.

SANKEI SHIMBUN continues to play the role of a shock brigade of the South Korean NSP, disgracing itself as a false propaganda organ, definitely because it is firmly bribed by the NSP.

Since reporters of SANKEI SHIMBUN have been engaged in false propaganda, deception, smear campaign, and slander, they have been reduced to a group of blind hack writers who are impervious to reason and have no ability to look squarely at the realities. This is vividly proved by the fact that they talked about the nonsense that North Korea told Koreans in the United States that if North Korea demonstrates its existence in the United States by participating in the Atlanta Olympiad, it would be a great benefit to them.

The remark on the demonstration of our existence or something like that came from a ridiculous and cheap idea. However, we cannot help but discuss the preposterous sophistry because it was let out by the South Korean puppets and SANKEI SHIMBUN.

It has not been long since the South Korean puppets was desperately trying to block the adoption of the historic DPRK-U.S. agreed framework, criticizing the United States for tying up with North Korea over the South Korean shoulder, and SANKEI SHIMBUN continuously complained about the DPRK-U.S. intimacy. At that time, many South Korean and Japanese papers carried caricatures satirizing the puppets' miserable position, but SANKEI SHIMBUN reporters were probably unable to see them because they are all blind.

The DPRK and the United States are now accelerating the establishment of liaison offices; the DPRK has its mission to the United Nations in the land of the United States and has conducted its activities with pride; the United States is supplying the DPRK with heavy oil. It must be difficult for the reporters of SANKEI SHIMBUN to understand these facts.

Reporters of SANKEI SHIMBUN disclosed again that they are too stupid to look squarely at the reality that an increasing number of Korean-Americans visit the Republic and that Korean-American figures, who were engaged in anti-communism at important posts of South Korean political or military circles, visit the Republic, calling it the embrace of their genuine fatherland.

Those who play into the hands of South Korean puppets become knavish, blind, and stupid like SANKEI SHIMBUN. As a large newspaper of Japan, SANKEI SHIMBUN should not be engaged in such a petty job as dancing to the tune of the puppets, but act as such. If SANKEI SHIMBUN persistently serves as a waiting maid of South Korea's NSP, despite our repeated warnings, it will be made to pay dearly for its crimes.

U.S. 'Radioactivity-Emitting Bombs' Denounced

SK2709075195 Pyongyang Korean Central Broadcasting Network in Korean 1225 GMT 26 Sep 95

[Commentary by Kim Ho-sam: "Another Unparalleled, Grave Crime by a Treacherous Group"]

[FBIS Translated Text] According to a radio report from Seoul, the U.S. Forces in South Korea have stockpiled there radioactivity-emitting bombs which are harmful to the human body. This fact was revealed on 25 September by a national assemblyman from the opposition National Congress for New Politics.

According to this assemblyman, bombs for the exclusive use of U.S. troops stationed in South Korea and ammunition for use in war, include radioactivity-emitting bombs. The human body, may be contaminated by this radioactivity if it is exposed to it for a long time.

The opposition assemblyman noted that because these bombs involve the serious problem of causing grave aftereffects to human lives, the Ministry of Science and Technology warned the puppet Ministry of National Defense about this in 1993. He added that the use of these bombs has been banned even in the United States.

He also stated that about 20,000 U.S. soldiers who participated in the Gulf war are now suffering from an unknown disease, which arouses a suspicion that they were contaminated by radioactivity from these bombs.

The problem is very serious. As everyone knows, about 1,000 U.S. nuclear weapons are deployed in South Korea today. Not satisfied with the deployment of such a huge number of nuclear weapons in South Korea, the United States has continuously introduced numerous modern nuclear equipment there recently.

Among these nuclear equipment are various types of missiles, including light and small-type nuclear knapsacks.

Because of such an arms buildup maneuvers by the United States, South Korea has by far surpassed the NATO region in West Europe in terms of the deployment density of nuclear weapons.

It is clear to everyone that under the condition in which no system for guaranteeing a solid and durable peace has been established on the Korean peninsula and a very unstable armistice system is still maintained there as we see today, a war may easily brake out by accidentent and this may again give rise to the break out of an all out nuclear war. If this happens, our people will undergo a horrible nuclear holocaust.

Such being the situation on the Korean peninsula, the withdrawal of all nuclear weapons from South Korea is a historic task which should not be delayed any longer, and, furthermore, putting an end to the U.S. policy of occupying South Korea has become a grave demand of the times.

This notwithstanding, the Kim Yong-sam ring, running counter to such a demand of the times, which is the nation's vital question, is begging the U.S. Forces to stay in South Korea permanently and wants the United States to introduce more nuclear weapons into South Korea.

Speaking of the problem which has been revealed this time, as briefly mentioned earlier, bombs for the exclusive use of the U.S. Forces in South Korea and ammunition for war include radioactivity-emitting bombs, and it has been three years since the Ministry of Science and Technology warned the puppet Ministry of National Defense about this. Nevertheless, the Kim Yong-sam ring has neither taken measures on this nor made a protest to the U.S. Forces. How can we say these guys are Koreans?

It is none other than traitor Kim Yong-sam who is seeking only his personal greed for power and pleasure regardless of whether our people undergo a nuclear holocaust and whether they are contaminated by radioactivity.

The treacherous Kim Yong-sam ring has committed another grave crime before the nation by allowing the U.S. Forces to stockpile in South Korea bombs for the exclusive use of the U.S. Forces and ammunition for war. Traitor Kim Yong-sam is the out-and-out colonial puppet of the U.S. imperialists who cannot live together with our people even for a moment and the grave enemy of the 70 million fellow countrymen.

Our people will punish, without fail, the traitorous Kim Yong-sam clique which is giving only misfortune to fellow countrymen in collusion with outside forces.

South Lawmaker on 'Radioactivity-Emitting Bombs'

SK2609104795 Pyongyang KCNA in English 1035 GMT 26 Sep 95

[FBIS Transcribed Text] Pyongyang, September 26 (KCNA) — The U.S. Army has stockpiled radioactivity-emitting bombs harmful to the human body in South Korea, a Seoul-based radio said.

This was disclosed by Yim Pok-chin, an assemblyman from the National Congress for New Politics (NCNP).

He said:

Bombs for the exclusive use of the U.S. troops in South Korea and ammunition for war include radioactivity-emitting bombs. The human body, in case of long exposition, may be contaminated by this radioactivity.

The Ministry of Science and Technology warned the Defence Ministry in 1993 of the seriousness of the bombs. The use of these bombs is prohibited in the United States.

About 20,000 American soldiers who participated in the Gulf war are now suffering from an unknown disease, which arouses a suspicion that they were contaminated by radioactivity from these bombs.

Daily Urges Clarification of Kwangju Incident

SK2709044795 Pyongyang KCNA in English 0429 GMT 27 Sep 95

["Kwangju Incident Must Be Settled, NODONG SINMUN" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, September 27 (KCNA) — The truth behind the Kwangju massacre in May 1980 must be made clear without fail and the murderers be made pay dearly for their crime, says NODONG SINMUN today.

The South Korean patriotic-minded students and people are branding the Kim Yong-sam group's decision not to bring the murderers to trial as an anti-national crime justifying the bloodbath by law and distorting history. They are also strongly demanding that a special law be enacted and a special prosecution system introduced to clarify the Kwangju incident and punish the killers.

In a commentary the paper says:

The South Korean people's demand for an immediate punishment of the architects of the Kwangju massacre is for the liquidation of the crime-woven records of South Korea's successive military dictators and for new genuine politics of independence and democracy. It mirrors their firm determination to inflict punishment on the chief culprits and observe social justice.

The situation shows that if the truth behind the massacre is to be made clear and the murderers to be brought to judgement by history, it is imperative to remove the colonial fascist dictatorship system inherited by the Kim Yong-sam regime.

A fair solution to the Kwangju incident is not just a matter pertaining only to the victims of dictatorship and their families but a crucial matter related to the destiny of all the South Korean people desirous of independence, democracy and reunification.

The South Korean people are calling for an early fair solution to the incident to bring to a judgement by history the criminals who trampled down democracy in bud with fascist suppression, turned South Korea into a military fascist crucible and killed thousands of fellow countrymen in cold blood and to prevent recurrence of military coup and fratricide which run counter to the current of history.

Professors Seek Punishment of Kwangju 'Murderers'

SK2609115795 Pyongyang KCNA in English 1011 GMT 26 Sep 95

[FBIS Transcribed Text] Pyongyang, September 26 (KCNA) — 5,183 professors of South Korea have participated in a statement campaign protesting against the decision not to prosecute the principal culprits of the Kwangju massacre in May, 1980, said a Seoul-based radio.

3,897 professors of 45 universities in South Korea have participated in the campaign which began with the issue of a statement by professors at Korea University on July 31. 1,286 professors under the National Council of Professors for Democracy also joined in making public statements of protest.

This shows that professors have taken an active part in the campaign for punishment of the Kwangju murderers.

South Demonstrators Protest Handling of Kwangju

SK2709105095 Pyongyang KCNA in English 1007 GMT 27 Sep 95

[FBIS Transcribed Text] Pyongyang, September 27 (KCNA) — Some 150 students of South Korea on Monday held a demonstration in front of the Chonju District prosecutor's office and demanded the punishment of those responsible for the killing of the participants in the Kwangju popular uprising in May 1980 and an enactment of a special law, according to a radio report from Seoul.

Some of them had their hair close cut in protest against the fascist clique's patronage of the main culprits of the Kwangju massacre and started a hunger strike at Chonbug National University.

On the same day, 824 teachers of 151 primary, middle and high schools in North Cholla Province made public a declaration on the situation.

In the declaration, they said that they could not repress their resentment and disappointment at the behaviour of the "civilian"-veiled fascist clique in justifying the massacre by the military dictatorship and urged the "National Assembly" to enact a special law for the probe into the truth behind the May 18 incident and for the punishment of its chief culprits.

3,105 teachers of primary, middle and high schools in Kwangju made public a declaration on September 23 and strongly demanded the prompt punishment of those responsible for the Kwangju bloodbath.

Students Vow To Return Through Panmunjom

SK2609112595 Pyongyang KCNA in English 1048 GMT 26 Sep 95

[FBIS Transcribed Text] Pyongyang, September 26 (KCNA) — Chong Min-chu and Yi Hye-chong, delegates of the South Korean Federation of General Student Councils (Hanchongnyon) under the South side headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon), called a press conference at Pyongyang Koryo Hotel today before their return home through Panmunjom slated for October 3.

Choe Chong-nam, director of the joint secretariat of Pomchonghangnyon, was present on the occasion.

Chong Min-chu told home and foreign reporters what they plan to do during their stay in the North.

She said, "At present, we will make full preparations to greet the million students under Hanchongnyon, who will come to Panmunjom to visit the tomb of King Tangun, the ancestral father of the Korean Nation, on October 2 or 3."

"We will attend the fourth meeting of co-chairmen of the North, South and overseas sides of Pomchonghangnyon slated for late September on behalf of the million students of Hanchongnyon under the South side headquarters of Pomchonghangnyon, authorized by the 12 co-chairmen of the South side headquarters," she said.

"On the afternoon of October 3, we will go back to the embrace of the million students in the south, cherishing the desire of the 70 million Koreans for reunification, across the demarcation line, which Yim Su-kyong crossed in 1989 and which Pak Yong-kil over 70 readily crossed in July 1995," Chong Min-chu stated, and continued:

"Our forerunners have already crossed the line and even Americans, the chief culprits responsible for the division of this country, cross the line freely. No one can block the 70 million Koreans, the masters of this land, from meeting one another for reunification. They are never to recognise or tolerate this demarcation line.

"We will return through Panmunjom to our dear parents and the million students in the South with a resolve to shatter the disgraceful Military Demarcation Line.

"We will be birds for reunification and build new nests everywhere in this divided land. We will fight to abolish the 'National Security Law,' which is the chief obstacle to reunification, the greatest hope of our nation."

The delegates answered questions put by reporters.

Workers Denounce 'Persecution' of Pak Yong-kil

SK2709105495 Pyongyang KCNA in English 1018 GMT 27 Sep 95

[FBIS Transcribed Text] Pyongyang, September 27 (KCNA) — Meetings took place at the Tongdaewon garment factory and on the Mangyongdae branch of the Mangyongdae District state farm in Pyongyang in denunciation of the South Korean puppet clique's persecution of Pak Yong-kil, a pro-reunification patriot.

The workers of the factory said that the South Korean puppets detained a sick old woman at the age of 70 by invoking the anti-reunification "National Security Law" and inflicted all mental and physical sufferings upon her. This is a fascist violence on the part of splittist traitors against pro-reunification patriots and a barbarous act of hooligans against ethics and morality, they said.

They demanded that the Kim Yong-sam puppet clique unconditionally release the pro-reunification patriot and guarantee her free activities.

The agricultural workers of the Mangyongdae branch said that the Kim Yong-sam group are making desperate efforts to dampen the ever mounting desire of the nation for reunification, but the bayonet- backed suppression cannot be a way out of its crisis.

The speakers strongly urged them to discontinue anachronistic anti-reunification moves, unconditionally and immediately release Pak Yong-kil and abolish the anti-reunification "National Security Law" before they face a stern punishment by all the fellow countrymen.

South's 'Persecution' of Pak Yong-kil Denounced

SK2309060895 Pyongyang KCNA in English 0455 GMT 23 Sep 95

[FBIS Transcribed Text] Pyongyang, September 23 (KCNA) — The North side headquarters of the National Alliance for the Country's Reunification (Pomminnyon) published a statement on Friday, in which it denounced the South Korean authorities' inhumane persecution of Presbyter Pak Yong-kil, widow of Rev. Mun Ik-hwan, who is chairperson of the 70 million Korean People's Meeting for Embracing National Unification and co-chairperson of the Family Movement for Realizing Democracy.

The Kim Yong-sam group are keeping behind bars the woman above 70, who is suffering from a heart disease, by invoking the "National Security Law", an anti-reunification, fascist law, and are inflicting spiritual and physical sufferings upon her. This brutal persecution is aimed at seeing her die in jail like Rev. Mun, who died from an illness by suffering in prison, the statement said, and went on:

Mrs. Pak is a pro-reunification patriot of the South, who did a good thing for unity and reunification of the nation.

If the Kim Yong-sam group endanger her life, they will meet a nationwide protest.

The North side headquarters of Pomminnyon strongly demands that they declare her innocent and release her at once, abrogate the "NSL" and release all "political prisoners" and unconverted long-term prisoners in South Korea at an early date.

The statement expressed the belief that all Pomminnyon organizations at home and abroad and progressive political parties and organizations of the world would extend positive support for the struggle of the North side headquarters for the rescue of Mrs. Pak as well as the South Korean people's struggle for independence, democracy and reunification.

NDFSK Urges Struggle To Save Pak Yong-kil

SK2509111295 Pyongyang KCNA in English
1011 GMT 25 Sep 95

[FBIS Transcribed Text] Pyongyang, September 25 (KCNA) — Yi Chong-sang, chief of the Pyongyang mission of the National Democratic Front of South Korea (NDFSK), said in an interview with home and foreign reporters on September 23 that the Kim Yong-sam fascist clique's suppression of Mrs. Pak Yong-kil in jail shows that they are an inhumane anti-reunification group of immorality and depravity which knows no elementary etiquette and takes no notice of the reconciliation of the nation and the reunification of the country.

He further said:

Mrs. Pak visited Kumsusan Memorial Palace and paid homage to the great leader President Kim Il-song. This is a patriotic deed to be praised as an expression of boundless reverence and noble obligation for the father of the nation.

The struggle to save Mrs. Pak is a righteous struggle to sweep away the separatist and traitorous forces and encourage reunification and patriotism and a just struggle to defend independence and democracy from flunkeyism and fascism.

It is the firm position of the NDFSK to link this struggle with the struggle to overthrow the Kim Yong-sam fascist dictatorial "regime" in close combination with the struggle to abolish the "National Security Law," an anti-reunification and anti-national evil law, and dissolve the "Agency for National Security Planning".

He called on the world people to extend active support and solidarity for the struggle.

Boat Crew Incident Off Guinean Coast Denounced

SK2609125395 Pyongyang Korean Central Broadcasting Network in Korean
1222 GMT 25 Sep 95

[Commentary by Yun Pyong-son: "An Act of Piracy Which Should Be Cursed"]

[FBIS Translated Text] South Korean brigands have committed an act of piracy, injuring Guinean fishermen, while illegally catching fish off the Guinean coast. This has been denounced by the international opinion.

As has already been reported, the South Korean brigands, who were catching fish on 9 August after illegally infiltrating into the waters off the Guinean coast, perpetrated a collision incident against a Guinean fishing boat nearby. As a result, the Guinean fishing boat sank immediately, and the 16 fishermen aboard the boat drowned to death.

Like stray cats, they illegally infiltrated into the waters of a foreign country and caught fish. What is more grave and intolerable is the fact that the South Korean brigands left the scene without doing anything about the Guinean fishermen who were desperately shouting for help at sea. This is an inhumane and brigandish act that only South Korean brigands who have distanced themselves from humanitarianism can commit and is virtually a deliberate murder.

This is not the first crime that South Korean gangsters committed overseas. South Korean gangsters detained in cabins foreign fishermen whom they employed on the grounds that the fishermen did not meekly comply with their requests, collectively beat them, stabbed them with daggers, and mercilessly beat them to death. Moreover, the rascals even committed a brutal act of knocking live people out and throwing them to the sea. There is an endless list of similar examples.

The South Korean brigands committed the crime off the Guinean coast because committing such a crime is their habit. As everybody knows, murders and robbers are rampant in South Korea, where excessive egoism prevails, and human dignity and rights are violated mercilessly. Organized burglars rob banks and homes in broad daylight. And, groups of murderers, such as Chijon, openly establish murder plants and habitually kill people.

These acts committed in South Korea have been further encouraged by the Kim Yong-sam ring which calls itself civilian. The Kim Yong- sam puppet clique wields guns and bayonets at random and arrests and detains patriotic people, young people, and students and tortures and punishes them, even though it says it advocates human rights and democracy. A good example is the fact that a while ago the puppet police rushed to a university campus and even fired rifles to take into custody patriotic students who staged a just demonstration.

There is a maxim that says a spoiled brat at home is a spoiled brat outside. The South Korean brigands who committed the brutal act off the Guinean coast have followed the example of the treacherous Kim Yong-sam clique which violates human rights.

The one who must be held responsible for the crime of sinking a Guinean fishing boat and killing over 10 Guinean fishermen is the puppet Kim Yong-sam clique which encourages such a crime.

The South Korean people will not leave in place the treacherous Kim Yong-nam group which perpetrates shameful acts overseas without being satisfied with their efforts to turn South Korean society into a living hell.

South Students Visit University of Technology

SK2309111195 Pyongyang KCNA in English 1026 GMT 23 Sep 95

[FBIS Transcribed Text] Pyongyang, September 23 (KCNA) — Chong Min-chu and Yi Hye-chong, delegates of the South Korean Federation of General Student Councils (Hanchongnyon) under the South side headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon) visited Kim Chaek University of Technology on Friday.

They were accompanied by Choe Chong-nam, director of the joint secretariat of Pomchonghangnyon.

The delegates told students of the university that the youth and students in North and South Korea can have a bright future in a unified country, not in a divided country. They called for a more vigorous struggle of youth and students to reunify the country in the 1990s in the van of the 70 million Koreans.

The delegates and the university's students appreciated pictures on the struggle of Hanchongnyon, which were exhibited on the campus, and video films on the life and struggle of students in South Korea. The delegates explained the contents of the pictures and films.

They met with officials of the student committee and other students at the university.

They exchanged views on matters of common concern, including concrete measures to enhance independent exchange between northern and southern students for the purpose of reunification through confederation.

The delegates met with officials of the student committee and students of Pyongyang University of Fine Arts at Pyongyang Koryo Hotel on Thursday.

Choe Chong-nam was also present on the occasion.

At the meeting, the northern students informed the delegates of Hanchongnyon that a diploma of graduation was awarded to Yi Nae- chang, who had been registered at their university as an honorary student in May 1992 after sacrificing himself in his days at Chungang University in South Korea. The northerners also briefed the delegates on what their university had done for independent exchange with the martyr's university and what they would do in future.

KCNA Reports on South's 'Air War Exercises'

SK2709043595 Pyongyang KCNA in English 0416 GMT 27 Sep 95

[FBIS Transcribed Text] Pyongyang, September 27 (KCNA) — The South Korean puppets held air war exercises against the North with various types of military helicopters in the sky above the forefront area on September 25, military sources said.

Some 10 helicopter gunboats of the puppet Army appeared in the sky above the forefront area north of Kosong County, South Korean Kangwon Province, from the heartland of South Korea and made low-altitude and ultra low-altitude flights for hours in an exercise to detect and strike targets of the North side.

In another development, some 10 transport helicopters of the puppet Army held an exercise of airlifting "commandos" to the heartland of the DPRK in the sky above an area north of Chorwon township of Chorwon County, South Korean Kangwon Province.

Three observation helicopters of the puppet Army appeared in the sky above Tokhwa-ri, Kanghwa County in the lower reaches of the Imjin River from Kimpo and made low flights under the very eyes of the North on the mission of aerial espionage on military establishments of the North in the frontline area.

Spokesman Says North, Japan To Resume Talks

SK2709042495 Pyongyang KCNA in English 0407 GMT 27 Sep 95

[FBIS Transcribed Text] Pyongyang, September 27 (KCNA) — A spokesman of the Foreign Ministry of the Democratic People's Republic of Korea in an interview with KCNA today mentioned contact for resumption of talks between the DPRK and Japan.

He told KCNA:

Rumours have been circulated concerning the resumption of talks between the DPRK and Japan.

As is known to all, the Foreign Ministry of Japan asked the DPRK counterpart on several occasions to hold contact to resume talks after the Workers' Party of Korea and the three ruling coalition parties of Japan adopted an agreement in March on resuming intergovernmental talks between the two countries as soon as possible.

Taking into account the situation for resumption of talks, we decided to respond to the Japan-proposed contact.

Working contact between the two sides is under way as part of preparations for resumption of talks.

The recent contact between the two Foreign Ministries was not a new one, but a sequence of the contact that had taken place at the request of the Japanese side.

Funeral Service for Late Chongnyon Leader Held

SK2609115495 Pyongyang KCNA in English 1007 GMT 26 Sep 95

[FBIS Transcribed Text] Tokyo, September 25 [date as received] (KNS-KCNA) — A funeral service for the late Yi Chin-kyu, deputy to the Supreme People's Assembly (SPA) and labour hero of the Democratic People's Republic of Korea and first vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), took place at the Korean House of Culture in Tokyo on September 25 as a Chongnyon funeral.

Present there were Chairman Han Tok-su and Chief Vice-Chairman Ho Chong-man of the Central Standing Committee of Chongnyon, members of the funeral commission, the family and relatives of the deceased, Chongnyon officials and compatriots.

Wataru Kubo, member of the House of Councillors from the Japan Social-democratic Party and secretary general of the party, Yukio Hatoyama, member of the House of Representatives from the New Party Sakigake and secretary general of the party, and other public figures of Japan and foreign envoys were present.

Ho Chong-man in a memorial address said:

The life of Yi Chin-kyu was that of an elder statesman of Chongnyon, a staunch veteran revolutionary, a patriotic faithful retainer of chuche-type and a true son of the homeland who had devoted his all to strengthening and developing the movement of Koreans in Japan and to the reunification and prosperity of the homeland, holding the great leader Generalissimo Kim Il-song and respected marshal Kim Chong-il in high esteem in one mind of loyalty and filial piety.

Although Yi Chin-kyu passed away, his noble patriotic spirit and great patriotic exploits for the homeland and the nation and the patriotic work of Chongnyon will remain long with the history of the movement of Koreans in Japan.

Wataru Kubo in a memorial address said that the death of Yi Chin- kyu is a big loss to the two peoples for Japan-Korea friendship and normalization of diplomatic relations. He expressed condolences from the bottom of his heart.

He said he would make all efforts for the reunification of Korea, Japan-Korea friendship and solidarity with Chongnyon.

Introduced at the funeral service were telegrams of condolence from Tomiichi Murayama, prime minister of Japan and chairman of the Japan Social-democratic Party, Takako Doi, speaker of the House of Representatives, Masayoshi Takemura, representative of the New Party Sakigake, Koken Nosaka, chief cabinet secretary, and Toshiki Kaifu, former prime minister and leader of the Japan New Party, and political parties, public organizations and public figures of Japan, the Chinese ambassador to Japan, different organizations and public figures of India and international organizations

Kim Chong-il Receives Sympathy Messages

SK2609122395 Pyongyang KCNA in English 1037 GMT 26 Sep 95

[FBIS Transcribed Text] Pyongyang, September 26 (KCNA) — The great leader Comrade Kim Chong-il received messages of sympathy from Tomiichi Murayama, chairman of the Central Executive Committee of the Japan Social-Democratic Party, and Jaques Diouf, director-general of the Food and Agriculture Organisation [FAO] of the United Nations, in connection with the flood damage in various regions of Korea.

The message from Tomiichi Murayama expressed the hope that the Korean people under the leadership of the leader Kim Chong-il would make successes in restoration and development at an early date in singlehearted unity, adding: Our party will strive so that the Japanese Government may render every possible assistance to the rescue and rehabilitation from the humanitarian stand.

The message from Jaques Diouf said that the FAO of the United Nations would make contributions to the recovery from the damage in the agricultural domain on the basis of the estimation of damage.

Choe Kwang Meets PRC Political Commissar

SK2709003395 Pyongyang KCNA in English 1503 GMT 26 Sep 95

[FBIS Transcribed Text] Pyongyang, September 26 (KCNA) — Choe Kwang, chief of the General Staff of the Korean People's Army [KPA], today met and had a friendly talk with a friendship visiting group of the Chinese People's Liberation Army led by Lieut. General Zhang Gong, political commissar of the Academy of Military Science.

Present on the occasion were Lieut. General of KPA Ok Pong-nin and Chinese Ambassador to Korea Qiao Zonghuai.

Wangjaesan Music Ensemble Performs in Changchun

SK2609015395 Pyongyang KCNA in English 2223 GMT 25 Sep 95

[FBIS Transcribed Text] Pyongyang, September 25 (KCNA) — The Pyongyang Wangjaesan Light Music Ensemble gave successful performances in Changchun and Yanji, China.

After seeing its performance, Changchun citizens said they had never seen such an excellent performance full of revolutionary vigor, spirit and optimism.

They said the songs, dances and instrumental music put on the stage fully reflected the characteristics of the nation and the time. They are unique and fresh in form and content, they noted.

They also said not only Changchun citizens but many people from other areas including Heilongjiang Province far away from the city saw its performances.

The audience said they should learn from the performance of the light music ensemble.

The performance was acclaimed also by Yanji people for its high artistic value and the performers' astonishing skill.

The light music ensemble gave two performances a day, at the request of the citizens.

Its Chinese performance tour showed the Chinese people the new feature of the chuche-oriented culture and art of Korea developing under the wise leadership of the great leader Comrade Kim Chong-il and made a great contribution to further consolidating and developing the indestructible friendship and solidarity between the Korean and Chinese peoples.

WPK, Palestinian Front Delegations Hold Talks

SK2609151995 Pyongyang KCNA in English 1502 GMT 26 Sep 95

[FBIS Transcribed Text] Pyongyang, September 26 (KCNA) — Talks were held here today between delegations of the Workers' Party of Korea [WPK] and the Palestine Liberation Democratic Front [PLDF].

Present there on the Korean side were alternate Politburo member and Secretary of the WPK Central Committee Choe Tae-pok, vice-director of a department of the C.C.[Central Committee], the WPK Choe Chin-su, and other officials concerned and, on the opposite side, the members of the delegation led by Secretary General of the PLDF Nayif Hawatimah and Palestinan Ambassador to Korea Shahir Mohammed.

At the talks the two sides informed each other of the situation of their countries and the activities of their parties and exchanged views on a series of matters of common concern.

Palestinian Group Visits Kumsusan Palace

SK2709041795 Pyongyang KCNA in English 0409 GMT 27 Sep 95

[FBIS Transcribed Text] Pyongyang, September 27 (KCNA) — The delegation of the Palestine Liberation Democratic Front led by Secretary General Nayef Hawatmeh visited Kumsusan Memorial Palace on Tuesday to pay reverence to the great leader President Kim Il-song, who is preserved in state.

The head of the delegation wrote in the visitor's book:

"The Palestinian people pay reverence to the great leader Comrade Kim Il-song, a distinguished revolutionary of Korea, an internationalist fighter and a close friend of the Palestine Arab nation.

"The great leader Comrade Kim Il-song is immortal."

New Egyptian Ambassador Received by Vice President

SK2509111395 Pyongyang KCNA in English 1019 GMT 25 Sep 95

[FBIS Transcribed Text] Pyongyang, September 25 (KCNA) — Newly-appointed Ambassador E.P. [extraordinary and plenipotentiary] of Egypt to Korea Hazim Muhammad Tahir presented his credentials to Vice-President Pak Song-chol of the Democratic People's Republic of Korea at the Mansudae Assembly Hall today.

Present on the occasion was Vice-Minister of Foreign Affairs Kim Yong-il.

After receiving the credentials the vice-president conversed with the ambassador.

Ministry, 'Doctor Without Frontier' Agree to Aid

SK2709051095 Pyongyang KCNA in English 0431 GMT 27 Sep 95

[FBIS Transcribed Text] Pyongyang, September 27 (KCNA) — A team from the Doctor Without Frontier visited Pyongyang from September 23 to 26 to discuss the question of cooperation over flood damage in Korea.

During its stay in Korea, Maurits Van Pelt [name as received], representative of the panel, and his party had technical negotiations with officials concerned of the Ministry of Public Health of the Democratic People's Republic of Korea, at which a satisfactory consensus was reached on the supply of medicaments worth one million dollars from the organisation, service by a medical team for the flood victims and other matters of cooperation.

Under the agreement the first batch of relief goods and medical workers for first-aid treatment will soon arrive in the DPRK.

Daily Lauds Kim Chong-il's Leadership Traits

SK2209114495 Pyongyang Korean Central Broadcasting Network in Korean 0115 GMT 22 Sep 95

[NODONG SINMUN 22 September editorial: "Let Us Actively Learn From the Leadership Traits of Respected and Beloved Comrade Kim Chong-il"]

[FBIS Translated Text] Today, to learn from the great leadership traits of respected and beloved Comrade Kim Chong-il is the unanimous desire of all party members, all the Army, and all people, as well as the trend of our society. This is a proud reality that can be unfolded only in our country, where the leader [yongdoja] and the people are in a harmonious unity in terms of ideology, will, morality, faithfulness, and emotion.

The outstanding leadership traits of the great leader [yongdoja] is the model the people engaging in the revolution should learn from. In the course of fully learning the leader's [yongdoja] leadership traits, the revolutionaries grow to be the loyal and indomitable fighters of the party and the revolution, as well as the vanguard fighters of strong revolutionary spirit.

Learning from the great leader Comrade Kim Chong-il's [yongdoja] leadership traits is the first task the party and the leader [suryong] demand us to do. We should take the task as the most important work in revolutionizing ourselves and should devote all our strength and energy to the work.

The leadership traits of respected and beloved Comrade Kim Chong- il, who is highly praised by the people as the able and outstanding leader [yongdoja], are the model of the revolutionary and people- oriented leadership. The great leader [suryong] Comrade Kim Il-song pointed out: Comrade Kim Chong-il's leadership traits are skilled both in literary and military arts; loyal and dutiful.

Since long ago, respected and beloved Comrade Kim Chong-il has embodied the genius guiding ability of the great leader [suryong] Comrade Kim Il-song. His energetic leadership traits led the cause of our party during the past arduous but honorable 30 years. The leadership of the great leader [yongdoja] Comrade Kim Chong-il is based on his iron will, indomitable faith, absolute faith and love toward the people, and extraordinary organizational ability. The leadership unfolded in this land the golden age of the era of the Workers Party of Korea.

In the hands of beloved Comrade Kim Chong-il, who has outstanding and tested leadership, such masterpieces of the era as the five great revolutionary operas were created, monumental edifices were built for the fatherland's long-term plan, and the single-hearted unity between our party and the revolutionary rank was strengthened hundred- and thousand-fold.

The greatness of the leadership traits of respected and beloved Comrade Kim Chong-il has been elucidated particularly after the fatherly leader's death in the struggle to continue the historical march of our revolution generation after generation. Respected and beloved Comrade Kim Chong-il leads all party members, all the Army, and all people to the general march to make our country and our fatherland more prosperous with his skilled organizational methods and the ability to pursue the methods; he smashed the imperialists' antirevolutionary offensives and firmly defended the red banner of socialism with his strong will. Such leadership traits astonished the century and are praised by all the people. When we fully learn from the outstanding leadership traits, then can we maintain the national pride and self-esteem of upholding Comrade Kim Chong-il, the genius of leadership.

Today, it is an important demand for our party members and working people to learn from the great leadership traits of respected and beloved Comrade Kim Chong-il in order to make our society a crystal of loyalty and filial piety that resembles the leader's [yongdoja] ideology and traits.

Today, working with the model of leadership set by respected and beloved Comrade Kim Chong-il is a wall protecting our society. Our functionaries, who are the guiding personnel of the revolution, work according to the chuche-based work method that was personally displayed by respected and beloved Comrade Kim Chong-il; our working class accelerates production and construction with the revolutionary courage and the spirit of self-reliance cultivated by Comrade Kim Chong-il; our fighters defend the socialist fatherland with strong soldier spirit as the fighters who were brought up in the bosom of Comrade Kim Chong-il. This is the great appearance of our country.

We should further glorify the proud aspect of our society. When all functionaries, party members, and working people persistently carry out the work to learn from the leadership traits of respected and beloved Comrade Kim Chong-il, then, our revolutionary rank can become the rank of loyalists and dutiful children who share ideology, will, emotion, and ethos only with the leader [yongdoja]; our society will shine brighter as an ideal socialist society that resembles the traits of the leader [yongdoja] in all aspects of social life.

It is an honorable and rewarding work for all people to actively learn from the leadership traits of respected and beloved Comrade Kim Chong-il. The work will effect new upsurges in the socialist construction. Today, we have the task to accelerate the socialist general march to make this year, the 50th founding anniversary of the party, the most brilliant year in our fatherland history. Now is the time for us to display our high revolutionary spirit and militant power in all aspects of the socialist construction; as well as the time to achieve innovations in work ethos and work habits.

Respected and beloved Comrade Kim Chong-il teaches functionaries and working people what kind of determination and work attitude to take to open a breakthrough when they are faced with a massive work. The leadership of respected and beloved Comrade Kim Chong-il is a great leadership that changes misfortune into fortune, and wins every battle.

When all functionaries and working people advance with the spirit of great Comrade Kim Chong-il and fight according to the leadership method and leadership art of Comrade Kim Chong-il, then, a greater leap will be achieved in today's struggle to implement the party's revolutionary economic strategy and to display the superiority of our-style socialism; the drum of revolution will beat louder in all aspects of the revolution and construction.

In order to deeply learn by experience the great leader [yongdoja] Comrade Kim Chong-il's leadership traits, one should assume an attitude of upholding Comrade Kim Chong-il as one's eternal tutor. The relationship between the leader [yongdoja] and fighters is a relationship between pupils and their tutor. As pupils look like their tutor, it is a natural principle of living that the people and revolutionary fighters learn the leader's traits by experience.

The pupils of the great leader Comrade Kim Chong-il. This is a valuable title that can be awarded only to genuine fighters, who grow up in the bosom of Comrade Kim Chong-il and fight while learning his ideas and traits. To learn and follow Comrade Kim Chong-il's leadership traits is the most important demand to us in glorifying our political lives, as well as our lofty and moral duty for our merciful tutor.

All functionaries, party members, and working people should deeply bear the great pride in upholding Comrade Kim Chong-il — who is a great politician, a great strategist, and an ever-victorious and iron-willed general of our era — as their tutor and should actively learn Comrade Kim Chong-il's greatness.

In particular, we should deeply be aware of the greatness of respected and beloved Comrade Kim Chong-il's leadership through today's vibrant reality that great victories have been achieved in the struggle to smash the imperialists' antirevolutionary offensive with revolutionary offensive.

There cannot be even small satisfaction in learning the leader's [yongdoja] traits. Feeling guilty about our preparedness, which falls far short of respected and beloved Comrade Kim Chong-il's great leadership traits, we should always make every possible effort to do a great deal in self-culture.

In particular, it is important for functionaries, leading members of the revolution, to steadily carry out the work of learning the leader's [yongdoja] traits with an unpretentious attitude. Functionaries should become Kim Chaek-type loyal retainers who are fascinated by the leader's great traits and carry out every work in accordance with the leader's leadership method.

It is the great leader Comrade Kim Il-song's distinguished leadership trait to always and completely rely upon the popular masses and solve all problems by arousing their infinite might. Considering the great leader's [suryongnim] idea on valuing the people as the heaven his motto during the entire course of leading the revolution and construction, respected and beloved Comrade Kim Chong-il has always mingled with the people, listened to their opinion before setting up lines and policies and has implemented huge tasks by arousing the people's revolutionary zeal and creative activeness.

It is an iron rule run through with great Comrade Kim Chong-il's leadership to consider the people as his teachers and all-mighty beings and find the key to solve all problems in the popular masses. We should deeply learn how the great Comrade Kim Chong-il always mingled with the people, though he was busy managing overall party and state activities, and found breakthroughs for innovation in the seventies and the eighties, as well as today in the nineties.

To arouse the people means to arouse their ideas. Our functionaries should learn by experience the greatness of the leadership of respected and beloved Comrade Kim Chong-il who has vigorously organized and mobilized the broad range of the people to the general socialist onward march by always giving priority to ideological work while adhering to the chuche idea.

To implement the tasks presented in the immortal classic "Giving Priority to Ideological Work Is an Essential

Demand in Implementing the Socialist Cause" is to embody respected and beloved Comrade Kim Chong-il's leadership traits. It is great leader Comrade Kim Chong- il's extraordinary leadership trait to overcome tangled obstacles with his iron will and matchless courage.

The great Comrade Kim Chong-il's iron will is the stoutest one that is unswayable even if the earth is broken out repeatedly; his resolution and line he once took is the most resolute ones that he adheres to under any circumstances. This is the same as the brave will of the great leader [suryongnim], who smashed the huge 1 million Japanese imperialist troops, being famous as a tiger in Mt. Paektu.

When we deeply realize the respected and beloved Comrade Kim Chong-il's indomitable will and boldness, we could then become resolute revolutionary fighters who uphold the red banner of the revolution no matter whatever storm may come and no matter whatever difficult task may arise.

All party members and working people should deeply grasp the startling boldness of the respected and beloved Comrade Kim Chong-il who is highly praised by the world people as a Mt. Paektu-type leader [yongdoja], as a great iron-willed man, and as a great human being.

Especially, they should deeply recognize how the imperialists' vicious maneuvers were recently smashed by the respected and beloved Comrade Kim Chong-il's brilliant wisdom and iron will through vivid events. Thereby, they should display their dignity as the heroic people who march ahead under the spirit of the great Comrade Kim Chong-il and who achieve victory with his boldness.

His extraordinary organizational ability which enables the entire party, all the people, and the entire Army to move as one and his amazing ability to unfold the work with which he handles the work in an instant, no matter how big it is, are the unique leadership traits of Comrade Kim Chong-il, who is a great man of ability.

The great leader [yongdoja] Comrade Kim Chong-il has always instantly penetrated into all the problems arising in the revolution and construction, ranging from party construction, regime construction, and military construction to economic construction, cultural construction, and foreign affairs, and set up right steps at appropriate time, thus powerfully leading all party members and people to one goal. Such a leadership skill that tactfully handles the revolution reaches the culmination of the revolutionary leadership art.

We should actively learn from the respected and beloved Comrade Kim Chong-il's leadership traits that are audacious, perfect, broad- minded, principled, and boundlessly detailed, and should apply them on their works. We should especially learn from the prominent leadership traits of the respected and beloved Comrade Kim Chong-il who has energetically worked without a moment's rest.

The respected and beloved Comrade Kim Chong-il's energetic leadership traits, which the revolutionary episodes clearly show, are an eternal model for all of us. By actively learning from this noble example, we should become passionate people who contemplate and again contemplate, as well as true fighters who can sacrifice himself for the revolution and struggle.

Today, the respected and beloved Comrade Kim Chong-il is leading the revolutionary fighters and people onto the road of true life by embracing them with his broad arm with boundlessly-warm love for the people and wide capacity. His warm revolutionary comradeship and filial duty with which he walked thousands of ri if it was for the revolutionary comrades and fighters; his great love with which he led to the end all the people who follow the party; and his noble humanity with which he always shared joy and sorrow with fighters are the natural dispositions of Comrade Kim Chong-il, the great revolutionary and the great exemplar of man. His great feature captivates all of us, and attracts the hearts of the millions of masses like a strong magnet.

We should deeply grasp the greatness of the respected and beloved Comrade Kim Chong-il, who unfolds the great flower garden of the single-hearted unity with the politics of love and confidence and the all-embracing politics which no political leader of the world ever unfolded. We should always learn from the endlessly-lofty spiritual world of the respected and beloved Comrade Kim Chong-il, who leads the revolution, overflowing with the revolutionary romance in any adversity while loving the revolution's songs and poems.

In order to vigorously intensify the work of learning from the respected and beloved Comrade Kim Chong-il's leadership traits among the functionaries, party members, and working people, it is important to enhance the role of each party organization. The party organizations should profoundly wage the work to realize the respected and beloved Comrade Kim Chong-il's greatness among the party members and working people in conformity with the developing realities in various forms and with various methods.

Especially, they should intensify this work with emotional episodes which took place after the death of the fatherly leader. The relevant domains should map out various indoctrination materials that clearly show the great leader [yongdoja] Comrade Kim Chong- il's wisdom. Thereby, they should actively contribute to the indoctrination of loyalty among party members and working people. All functionaries and party members should firmly prepare themselves as true loyal revolutionaries who are endlessly loyal to the party and the leader [suryong] by actively learning from the great leader [yongdoja] Comrade Kim Chong-il's noble leadership traits.

Talk Lauds Kim Chong-il's Leadership

SK2309090895 Pyongyang Korean Central Broadcasting Network in Korean 0943 GMT 21 Sep 95

[Unattributed talk: "The Great Leadership That Led the Great Nature Remaking Work to Brilliant Victory"]

[FBIS Translated Text] Under the wise leadership of the great leader Comrade Kim Il-song and the great leader [yongdoja] Comrade Kim Chong-il the land of our fatherland has been rebuilt in conformity with the independent demands of the popular masses and has been turned into a paradise of the people.

Remaking nature is one of the important tasks to provide the masses of working people with an independent and creative life.

The great leader Comrade Kim Il-song taught: The great nature remaking work is a very honorable and rewarding work in providing valuable assets for the country's prosperity and for our posterity's eternal happiness and in renewing the appearance of our national land.

Remaking nature in conformity with men's aspirations and demands is one of the very important problems arising in socialist, communist construction. Only when we remake nature can we not only provide the masses of working people, the masters of the state and society, with the good living environment for a cultural life, but also accelerate socialist economic construction and, thus, constantly promote the people's material and cultural life.

Our party has wisely led nature remaking work in conformity with the demands of the chuche idea in which everything is solved with men as the center and everything serves men. As a result, the nature remaking work has been turned into a work for the masses of working people both in name and reality.

The great leader Comrade Kim Il-song, deeply grasping the significance and importance of the nature remaking work, vigorously inspired our party and people into the great nature remaking work already in the first period of new society construction.

In our country, under the wise leadership of the party and the leader [suryong] an awesome struggle was vigorously unfolded already in the first period of construction of a new society; land construction, irrigation construction, flood control and water conservation projects, and urban and rural construction projects were initiated everywhere; and, thus, the proud new history of a cataclysmic change was unfolded on this land.

The great leader [yongdoja] Comrade Kim Chong-il, who is fully flourishing the great leader's [suryong] farsighted plans on this land, has wisely led the struggle to remake nature according to the demands of the chuche idea in conformity with the demand of modeling whole society after the chuche idea.

The great leader [suryong] and the great leader [yondoja] Comrade Kim Chong-il presented first of all a chuche-oriented great nature remaking policy in every period and every stage of the developing revolution and, thus, clearly elucidated the road that made it possible to successfully carry out the nature remaking work.

All nature remaking polices reflect the revolutionary principle to remake nature in our own way, based on a chuche-oriented position. They have become, therefore, a guiding principle which most correctly elucidates the future road of our people's struggle to remake nature.

The great leader Comrade Kim Il-song and the great leader [yongdoja] Comrade Kim Chong-il wisely led our people in order to victoriously push ahead with the great nature remaking work. This can be seen in the fact that the construction of the Sohae lockgate, the 300,000 chongbo tideland reclamation project, and other great nature remaking projects were unfolded boldly and broadly.

Upholding the great leader's [suryong] lofty intent the great leader Comrade Kim Chong-il unfolded a bold and daring operation and wisely led the people so that they created the miracle of amazing the people of the world by completing the construction of the Sohae lockgate in the short period of only five years. Along with this, the construction of the large-type, long-distance belt conveyer at the Unyul mine, the construction of 2,000-ri waterway, and other large-scale nature remaking projects were brilliantly completed. As a result, the country's appearance changed completely, and socialist construction was vigorously carried out.

On the entire process of leading the great nature remaking work, the great leader [yongdoja] Comrade Kim Chong-il has wisely led people to vigorously push ahead with the nature remaking work as a mass movement, while relying on the masses' strength. Thus, he has made it possible to achieve a brilliant victory in the nature remaking work.

The great nature remaking work is a project to promote the welfare of the popular masses, the masters of the state and society, and is, therefore, the popular masses' own work. Only when the broad popular masses are voluntarily and actively mobilized into the nature remaking work and struggle, devoting their strength and wisdom, can we successfully remake nature according to the demands of the chuche idea. Therefore, only when we unfold the nature remaking work as a mass movement can we inspire the masses' revolutionary zeal, actively research all available reserves and potential, bravely break through all difficulties with our own strength, and, thus, change the land of our fatherland into a paradise of the people in a short period of time.

The great leader [yongdoja] Comrade Kim Chong-il has enabled party members and workers to unanimously rise in carrying out the great nature remaking work by working out the organizational work, while giving priority to the political work to make them become fully aware of its importance and significance.

The proud course in our country's great nature remaking work has shined as a proud part of history that has effected the great change by inspiring the broad masses, while trusting in their might.

Uphold the September 1958 decision of the plenary session of the party Central Committee, the popular masses achieved the proud successes in their struggle to carry out the irrigation projects on the 1 million chongbo-sized (1 chonbo equals to 2.45 acres) paddies and fields in a short period of time. These proud successes have clearly proven the great vitality of our party to vigorously carry out the nature remaking work based on the national mass movement.

Since the September plenary session of the party Central Committee, our country has vigorously carried out the large-, medium-, and small-sized irrigation projects everywhere, such as stony fields or mountainous areas, based on the all people-oriented movement. As a result, the irrigation facilities — such as a waterway with a total length of 23,000-ri, as well as approximately 9,900 reservoirs and water pumping stations — were constructed in only six months, making it possible to provide water to 377,000 chongbo-sized fields. By moving forward with such a spirit, our people were able to brilliantly achieve the task to irrigate paddies in the rural communities in a short period of time.

In the historic days when we carried out the great remaking nature work to remove mountains, dam off the sea, and manage the river, our party always and firmly adhered to the revolutionary principles in which it actively pushes ahead with the nature remaking work by trusting in the might of the working popular masses and by relaying upon them, who are the masters of the revolution and construction and the persons directly in charge of them.

Thanks to the united might of the popular masses who firmly rise up under the wise leadership of the party and the leader, we widely carried out the nature remaking works, including the construction of the terraced field, the afforestation and water conservation work, and the afforestation for erosion control. As a result, we were able to turn the mountains and streams of our fatherland into a golden garden, as well as to change all mountains throughout our country into a golden mountain, treasure mountain.

Under the wise leadership of the great leader [suryongnim] and the great leader [yongdoja] Comrade Kim Chong-il, a great upturn of the century has been effected in the great nature remaking work. Also, the aspect of the fatherland has been changed anew.

First of all, the completed irrigation system has been established in our country. Under the leadership of our party, a great success has been achieved in the work to increase the country's land resources. As a result of the vigorous implementation of the tideland reclamation work, the new rich fields have been created, changing the country's map. Also, the mountainous areas have been turned into the bases in which grains, livestock products, fruits, and cocoons can be cultivated.

The trees of the economic value have been newly planted on every mountain throughout the country. Railway construction in the northern area has been completed. Modern highways have been extended more and more. Also, the cities and rural communities have been newly constructed. As a result, our country has become a beautiful country where the people can enjoy their life.

Under the wise leadership of the great leader Comrade Kim Il-song and the great leader [yongdoja] Comrade Kim Chong-il, truly, a brilliant success has been gained in the great nature remaking work. As a result, the century-cherished desire of our people, who want to freely enjoy their independent and creative life in the socialist paradise, has been finally and brilliantly achieved in the era of the Workers Party of Korea.

Kim Il-song Believed in People 'as in Heaven'

SK2509213595 Pyongyang KCNA in English 1514 GMT 25 Sep 95

["President Kim Il-song's Life Replete With Idea of 'Believing in the People as in Heaven'" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, September 25 (KCNA) — An increasing number of working people from all walks of life, People's Army soldiers, overseas Koreans and foreigners are visiting Kumsusan Memorial Palace, the supreme holy palace of chuche, where the great leader President Kim Il-song is preserved in state.

The visitors look back in reverence upon the life of President Kim Il-song who devoted his all for the country and people.

The great leader Comrade Kim Chong-il said:

"Comrade Kim Il-song regarded 'believing in the people as in heaven' as his maxim in his early years, found himself among the people, sharing life and death, bitters and sweets with them and devoted his all for them."

President Kim Il-song regarded the idea of "believing in the people as in heaven" as his maxim and worked for the happiness of the people all his life.

He began his revolutionary activities, finding himself among the people and united them to liberate the country.

He made the people the masters of the country and energetically worked for their independent and creative life.

He gave on-the-spot guidance to Wonsan, Kangwon Province, in September 1945 right after Korea's liberation and went first to the workers of the Kangson steel works in October, not calling at the nearby old home in Mangyongdae for which he yearned so earnestly in the 20 years of the anti-Japanese war.

He gave on-site guidance to more than 18,000 units in more than 17,800 days from the unfogettable days to the last moments of his life (July 1994).

He shaped the lines and policies of the Workers' Party of Korea anb the Government of the Democratic People's Republic of Korea and proclaimed laws, reflecting the will and desire of the people.

Right after Korea's liberation he went to Taedong County, South Pyongan Province, and other rural villages where he acquainted himself with the desires of the landless peasants to do farm to their heart's content in their own land, and enacted the agrarian reform law in March 1946 to realize their aspirations.

In April 1954 right after the Korean war he organised an agricultural cooperative (the predecessor of the present cooperative farm) on trial in Samjong-ri, Chunghwa County and went to the farm several times so as to give full play to the advantages and viability of the cooperative economy.

The Chongsan-ri spirit and Chongsan-ri method, the communist guiding idea and method on the guidance over the people, and the taean work system and new agricultural guidance system, the superior economic management forms of Korean style, were all planned and completed by President Kim Il-song in the course of giving on-the-spot guidance in factories and rural villages.

The president said that he should go to any places where the people live, and visited different places of the country without rest for on-site guidance.

One year he went to Changsong County, North Pyongan Province, and Yangdok County, South Pyongan Province, where he taught the villagers how to make effective use of mountains and in 1961 he visited Pukchong County, South Hamgyong Province, where he opened a broad avenue for the development of the nation's fruit-culture.

He dropped in at a shop on the way of his on-the-spot guidance and acquainted himself with the quality and kinds of the mass consumer goods, and when he visited a workers' dormitory he acquainted himself with the quality of their food, showing a parental love for them.

He said that it is the best rest for him to be with the people, and always found himself among the people regardless of red letter days, holidays and on his birthday on which he should be congratulated by all people.

He was on the way of on-the-spot guidance on the night of July 28, 1953, when the whole country was full of the joy over the victory in the war, on April 15, 1954, one of his birthdays, and on September 9, 1972, the anniversary of the DPRK.

Up to July last year, the last moments of his life, from the nation's liberation days he worked for the people without rest on more than 2,530 red letter days and holidays, which are equivalent to seven years.

Indeed, the way of his on-the-spot guidance was the way of his great loving care with which he embraced the Korean people as the father of the large family of the whole country.

The brilliant history of benevolent politics began on the road and Korea shines as a thriving socialist country centred on the popular masses.

That is why the Korean people have called respected President Kim Il-song the tender-hearted father of the nation, remained faithful to him and held him in high esteem as the eternal sun of chuche.

Intellectuals' Role in Revolution Stressed

SK2209113395 Pyongyang Korean Central Broadcasting Network in Korean 2240 GMT 19 Sep 95

[Unattributed talk: "The New Scientific Explanation on the Position and Role of Intellectuals in the Revolution and Construction"]

[FBIS Translated Text] Five years passed since the great leader [yongdoja] Comrade Kim Chong-il published the classical work "Let Us Further Enhance the Role of Intellectuals in the Revolution and Construction" on 20 September, 1990. One of the new and profound ideologies the great leader Comrade Kim Chong-il explained in the work is the ideology on the position and role of intellectuals in the revolution and construction.

The great leader Comrade Kim Chong-il pointed out: The position and role of intellectuals in the revolution and construction is very great. The great leader Comrade Kim Chong-il defined in the work that intellectuals are a part of the main force of the revolution. This is a new explanation on the position of intellectuals in the revolution and construction.

Intellectuals are a social stratum formed by people from different classes. When the people's understanding of the nature and society and their implementations were deepened to a certain degree, labor was divided into physical and mental labor. This is how the stratum of intellectuals was formed. In a feudal society, most of the intellectuals were from the ruling class. In a capitalist society, most intellectuals are from the capital class with a few from the working people. In all societies, intellectuals serve certain classes with their professional knowledge and skill. In an exploiting society, many intellectuals serve the ruling class, but the advanced intellectuals side with the popular masses, whose core is the working class, and struggle against the ruling class.

The general understanding of the position and role of intellectuals in the previous era was that they are a social stratum with people from various classes, who failed to form a unique class of their own and serve certain classes with professional knowledge and skill. Respected and beloved Comrade Kim Chong-il explained in his work that the working class should not regard intellectuals simply as a social stratum serving certain classes, and that intellectuals, along with workers and peasants, are the ones in charge of the revolution and the main force of the revolution.

Intellectuals are a part of the main force of the revolution because they desire independence. Intellectuals are against the class subjugation to the exploiting class and demand to live and develop independently as the masters of their own destiny. Intellectuals have a high standard of culture and knowledge, hate what is old and reactionary, love justice and progress, and are sensitive in accepting advanced ideologies. Advanced intellectuals are against the old and negative and struggle with the aspiration for the new and positive.

Of course, in a capitalist society, quite many intellectuals serve the ruling class to eat and to live, but most of them are oppressed and contemptuously treated by the ruling class, and are forced to provide labor. They may have better living conditions than workers and peasants, but they are also bound to the capitalists, their independence is infringed upon, and they do not truly lead their own lives.

In particular, intellectuals of colonial countries are treated with atrocious national oppression and held in contempt. Thus, they long for the independence of their countries and possess the anti-imperialist and democratic revolutionary spirit against the imperialists and their stooges. They join the workers and peasants in the revolutionary struggle to achieve the independence of their countries and nations. Intellectuals, hand in hand with the working class and the working masses, actively sweep out the old things and create something new in carrying out the socialist revolution.

Another reason why intellectuals are a part of the main force of the revolution is because they do not oppress others and live on their earnest labor, just like workers and peasants. Workers and peasants provide physical labor in different fields of social production. Intellectuals provide mental labor with certain professional knowledge and skill in the fields of science, education, public health, literature, art, journalism, publishing, and other professional fields.

In a socialist society, intellectuals can be called the working class that provides mental labor. Because intellectuals have a strong demand and aspiration for living independently and contribute to the popular masses' cause for independence with mental labor, they are the main force of the revolution along with workers and peasants.

The great leader [yongdoja] Comrade Kim Chong-il then scientifically explained in his work the role of intellectuals in the revolution and construction. Above all, intellectuals play the role of the guide in the revolutionary struggle by educating and awakening the workers and peasants and by making them participate in the revolutionary movement. In the past, it was intellectuals who initiated the struggle of national liberation and had Marxism- Leninism prevail for the first time in our country and awakened people with the revolution.

Intellectuals actively participate in the struggle of national liberation and the revolution for democracy as the propelling force of the revolution along with the workers and peasants. They actively contribute to advancing the revolution by enhancing the revolution ability of the popular masses. This shows that intellectuals play an important role as the main force of the revolution.

Today, youths, students, and intellectuals play an important role in South Korea's revolution. In South Korea, youths and students have accepted the chuche idea and are actively waging the struggle to widely disseminate the idea. Youths, students, and conscientious intellectuals are in the lead of the struggle ranks who bravely fight to drive out foreign forces from South Korea and reunify the fatherland. Youth, students, and conscientious intellectuals are not simply a bridge linking the workers and peasants with the revolutionary movement in the revolutionary struggle. They are an important part of the basic propelling force of the revolution.

Intellectuals also have a great role in social development. Intellectuals are not social parasites, who plunder and squander social wealth, or reactionaries, who block the development of society and advancement of history. They accumulate social wealth with their knowledge and skill. They are creators who wage the struggle to reform and develop nature and society. Only the creative activities of intellectuals can scientifically define the principle to develop nature and society, as well as the means and methods to remake and reform nature and the world. The role of intellectuals cannot be replaced by any class or stratum of society.

The role of intellectuals enhances as society develops and socialist and communist construction is deepened. The role of intellectuals will inevitably be enhanced as the cultural and technological standard of society becomes higher and the rank of intellectuals who provide mental labor grows bigger. The great leader Comrade Kim Chong-il scientifically explains the new and profound position and role of intellectuals in the revolution and construction in his immortal classical work "Let Us Further Enhance the Role of Intellectuals in the Revolution and Construction." The work indicates the most correct road for intellectuals to devote all their wisdom and passion to implementing the cause of the popular masses, whose core is the working class, for independence, with the pride and self-esteem as a part of the main force of the revolution.

Talk on General Line of Socialist Construction

SK2209122595 Pyongyang Korean Central Broadcasting Network in Korean 2240 GMT 20 Sep 95

[Unattributed talk: "The General Line That Our Party Has Adhered To in Socialist, Communist Construction"]

[FBIS Translated Text] For the working class' revolutionary party to successfully build a communist society where the popular masses' independence has been completely realized, it is imperative to correctly define the general line which elucidates the future of that communist society. The general line is the basic revolutionary line which defines the basic method of the revolution and construction to realize the party's final objective and is, therefore, the line that the party should consistently grasp in the entire course of the revolution and construction.

The great leader Comrade Kim Il-song, based on his extensive analysis of the inevitability of socialist, communist construction and the conditions for its realization, elucidated our party's general line.

The great leader Comrade Kim Il-song has taught: Strengthening the people's government [inmin chonggwon] and vigorously pushing ahead with the three revolutions — ideological, technological, and cultural — is precisely our party's general line in socialist, communist construction.

As taught by the great leader [suryong], strengthening the people's government and vigorously pushing ahead with the three revolutions — ideological, technological, and cultural — is precisely our party's general line in socialist, communist construction.

The people's government is a genuine government that represents and defends the interests of all the people, including the working class, and is a powerful weapon of socialist, communist construction. Our people's government is a political weapon which constantly promotes the popular masses' position and role by thoroughly guaranteeing their independent rights and creative activities.

Independent rights are the first life of men, social beings, and are the basic rights that men possess as the masters of society. An independent and creative life cannot be realized apart from independent rights.

The independent aspirations and demands of the masses of working people are comprehensively expressed by the people's government and are realized through the people's government. The people's government is active, taking it as the highest principle of its activity to defend the independent rights of the masses of working people and to realize their independent aspirations and demands. The people's government also more thoroughly guarantees the popular masses' independent rights by further enhancing its function and role as the revolution and construction advance.

Only under the people's government can the popular masses glorify the human being's genuine dignity and value with their independent rights and enjoy a free and happy life to their hearts' content. The people's government is the organizer of the popular masses' creative ability. The popular masses have inexhaustible creative wisdom and strength. However, the popular masses' ability can be turned into great creative power only when they are united as one.

Organization and unity are the source of the popular masses' inexhaustible strength. The people's government organizes all members of society into state organizations, educates and indoctrinates them, and then rallies them as a political force. Thus, the people's government makes the popular masses a power for social development which possesses great creative ability. Therefore, strengthening the people's government and enhancing its function and role constitutes a firm guarantee that makes it possible to accelerate the three revolutions — ideological, technological, and cultural — and to successfully carry out socialist, communist construction by enhancing the popular masses' creative role.

The people's government is the master who guarantees the people's material and cultural life responsibly and is the protector of their independent and creative life. The conditions for the people's material and cultural life in a socialist society are provided by the people's government which takes it as the highest principle in its activities to constantly promote the standard of the people's living.

In addition, the people's government, by enhancing its function and role as a weapon of class struggle, protects and defends the independent and creative life of the masses of working people from being infringed upon by all sorts of class enemies and, thus, reliably ensures the victorious advance of socialist, communist construction.

Like this, the people's government is a mighty political weapon which represents the independent rights of the masses of working people, organizes and mobilizes their creative ability, guarantees an affluent and civilized life for the people, and reliably defends the people's independent interests and the gains of socialism from being infringed upon by all sorts of enemies.

A firm guarantee for defending and realizing the popular masses' independence lies precisely in strengthening the people's government as a political weapon and enhancing its function and role.

Vigorously pushing ahead with the three revolutions — ideological, technological, and cultural — constitutes the basic guarantee for socialist, communist construction. The three revolutions — ideological, technological, and cultural — are the basic contents of the revolution carried out after the establishment of the socialist system and are a revolutionary task that should be vigorously and continuously pushed ahead with until a communist society is built.

Under the condition in which the socialist system has been established and the popular masses' social and political independence has been realized, the main cause which restrains the popular masses' independence lies in the backwardness of ideology, technology, and culture. Therefore, the struggle to liquidate the legacies of old society in these three fields becomes the contents of the revolution and a continuing task of the revolution.

The three revolutions which remold old things and create new things are a revolutionary policy which accords with the inherent nature of the socialist system and the will of the popular masses. Correctly determining the method of the revolution, as well as the contents of the revolution, is an important requirement for victoriously advancing the revolutionary struggle and construction work.

The working class' party can successfully push ahead with socialist, communist construction only when it correctly determines the method of the revolution. The method of the revolution in a socialist society should be different from that of the previous era. The basic content of the revolution, which continues after the establishment of the socialist system, includes the liquidation of legacies of old society and the creation of new communist ideology, technology, and culture. Accordingly, the revolution that is carried out under socialism should be carried out in a method different from the struggle against the exploiting class and the exploiting system. This is related to the fact that the struggle to liquidate the legacies of old society is not only the work which is carried out with the popular masses, the masters of state and society, as its object, but is also the popular masses' own work.

The struggle to liquidate the legacies of old society should be carried out in the way of educating and indoctrinating men and in the way of creating new things and liquidating old things.

Like this, the three revolutions — ideological, technological, and cultural — become the content of the continuing revolution, that is, the method of the revolution that should be carried out in a socialist society. Herein lies the ground that the line of the three revolutions become a revolutionary line that should be consistently grasped and adhered to in socialist, communist construction.

Indeed, our party's general line that strengthens the people's government and vigorously pushes ahead with the three revolutions — ideological, technological, and cultural — is the most correct revolutionary line which has clearly elucidated the road that makes it possible for the working people liberated from exploitation and oppression to be free from the constraint of old ideology, old culture, and old society; to completely realize their independence; and to finally complete the sacred cause of liberating human beings.

All party members and working people should deeply cherish the dignity and honor of possessing the general line set forth by the great leader Comrade Kim Il-song, should thoroughly implement it, and, thus, should expedite the victory of the cause of socialism.

Dialogue Stresses Socialist Moral Education

SK2609142695 Pyongyang Korean Central Broadcasting Network in Korean 2240 GMT 24 Sep 95

[Dialogue between Kim Il-song University Professor and Associate Doctor Kim Yong-chin and station reporter Cho Hyon-su: "Strengthening Moral Education Is an Important Requirement for Consolidating and Developing Socialism" from the "Ray of Chuche" Program]

[FBIS Translated Text] [Cho] How are you? In his classical work, "Giving Priority to Ideological Work Is an Indispensable Requirement for the Accomplishment of the Cause of Socialism," the great leader [yondoja] Comrade Kim Chong-il has elucidated that strengthening socialist moral education is an important requirement for consolidating and developing socialism. So, in this hour I would like to discuss this matter with you.

[Kim] Yes, let us do so.

[Cho] I think that socialist moral education is one of the important contents of ideological work. So, I want you to speak about this first.

[Kim] That is true. The great leader Comrade Kim Chong-il has indicated that it is an important requirement for all members of society to possess a noble moral trait for consolidating and developing socialism. To lead all members of society to possess a moral trait which accords with the inherent demand of a socialist society it is imperative to strengthen moral education. Morality is the social rule of conduct which is voluntarily observed in men's conscience. Socialist society — in which comradely unity and cooperation among people have become the basis of social relationship — is to demand that a new morality which accords with its inherent nature be extensively established, and with the progress of socialist construction the social function and role of morality is to be further enhanced.

[Cho] Yes, it is true.

[Kim] Socialist morality is a collectivist morality based on noble, comradely love and revolutionary sense of obligation. Therefore, it is a most superior morality which has inherited the outstanding, laudable moral custom that has been handed down historically among the masses of working people. It is also a most superior morality which has been developed anew in conformity with the inherent demand of society. In other words, socialist morality is a most universal morality which all people adhering to independence and creativity, which are the inherent social nature of human being, should possess.

[Cho] Extensively establishing and developing such socialist morality in conformity with the inevitable demand of developing society and strengthening socialist moral education is precisely an important requirement for consolidating and developing a socialist society, is it not?

[Kim] You are right. To safeguard and defend the cause of socialism and to add luster to it, it is imperative to lead people to deem it their moral obligation to defend socialism. In an exploiting society, the ruling class' politics and the popular masses' morality contradict each other. However, in a socialist society in which the popular masses have become the masters of state and society, politics and morality accord with each other.

Only when socialist morality is extensively established can the popular masses' political and ideological unity and solidarity be further strengthened, a sound and revolutionary life habit be established in the whole society, and socialist construction be vigorously carried out.

[Cho] I think that strengthening socialist moral education is an important guarantee for fostering all members of society to become genuine revolutionaries loyal to the party and the leader [suryong] and, thus, for leading them to devote to the cause of socialism.

[Kim] I agree with you. Socialist moral education is an ideological indoctrination work to make all members of society strong and exuberant mentally and morally by leading them to possess a noble moral trait. Whether socialism can be firmly defended and adhered to depends on the popular masses' political and ideological preparations and moral preparations. Socialism can advance victoriously while surmounting all sorts of trials only when all members of society make socialism their firm faith.

What is most important in the mental and moral features of the genuine revolutionaries struggling for socialism is precisely their infinite loyalty to the party and the leader [suryong]. Loyalty to the leader [suryong] is the first life of communist revolutionaries and is the highest expression of communist morality.

Those, whose loyalty to the party and the leader is higher, are to further devote themselves to the leader's [suryong] revolutionary cause, the cause of socialism; to further safeguard and defend socialism with firm faith in it; and to further add luster to it. Only by strengthening socialist moral education can we successfully carry out the cause of socialism under all circumstances. This is a lesson of history.

[Cho] I think that strengthening socialist moral education is also an important requirement for making socialism invincible by further consolidating the singlehearted unity of the leader [suryong], the party, and the masses.

[Kim] I agree with you. We can say that the source of the invincible might of socialism and its constant development lies in the political and ideological unity and cohesion of the whole society. Socialist moral education makes it possible not only to deeply inculcate all members of society with the principle of comradely love and revolutionary sense of obligation which performs an important function in a social collective in which the leader [suryong], the party, and the masses are rallied as one united body socially and politically, but also to thoroughly embody the principle. When socialist moral education is strengthened, people can uphold the party and the leader [suryong] with their revolutionary sense of obligation and with a pure mind and can rally morally and in terms of obligation.

[Cho] I think that strengthening socialist moral education is also a firm guarantee for highly exalting the superiority and vitality of socialism by establishing a sound and revolutionary life ethos in the whole society.

[Kim] Yes, that is right. Establishing a revolutionary life ethos in the whole society is of important significance in consolidating and developing socialism and adding luster to it. Strengthening socialist moral education makes it possible not only to enhance the concept of morality among people and to establish among them a life ethos which accords with the socialist society, but also to make socialism constantly consolidate and develop while highly demonstrating its superiority and vitality without receiving the imperialists' ideological and cultural infiltration and the influence of bourgeois life style.

When socialist moral education is strengthened, the whole society can seethe with the laudable communist custom of helping and leading each other and can thoroughly establish a sound and revolutionary life ethos, and, thus, socialist construction can be carried out vigorously.

Some countries which were building socialism in the past failed to pay due attention to establishing a new morality which accords with the inherent nature of socialism and tended to even believe that stressing morality would weaken the revolutionary spirit. However, by strengthening socialist moral education, our party has led our people to have a noble moral ethos and has firmly defended our socialist fortress.

In our country today, socialist morality has taken its position deep in the people's hearts and has become all of our people's routine life. It is also being highly exalted as a laudable communist custom everywhere in our country.

This experience clearly shows that only by establishing the spirit of adhering to socialist morality in the whole society and, thus, by leading socialism to take roots deep in our people's minds and life can we firmly defend the cause of socialism even under any difficult circumstance and trial and advance socialism victoriously.

[Cho] Indeed, as the ideology that strengthening moral education is an important requirement for consolidating and developing socialism has been clarified by the great leader Comrade Kim Chong-il, I think, the important role that morality plays in the accomplishment of the cause of socialism has been clearly elucidated.

[Kim] That is right.

[Cho] Thank you.

Daily Views World Tourism Day

SK2709104895 Pyongyang KCNA in English 1003 GMT 27 Sep 95

["World's Day of Tourism Observed" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, September 27 (KCNA) — MINJU CHOSON today dedicates an article to the world's day of tourism.

The author of the article points out that big attention is being paid to developing tourism in Korea.

It says:

Thanks to the correct policy and wise guidance of the party and the state, material and legal guarantees for tourism have been provided for all working people.

Most of the people take part in tourist activities in Korea.

Workers, peasants as well as youth and children carry on such varieties of tourist activities as exploration, sightseeing, mountaineering and camping at the state's expense.

Korea has built world's famous scenic spots — Mt. Paektu, the sacred mountain of the revolution, Mt. Myohyang, Mt. Kumgang, Pyongyang and Kaesong — into tourist resorts and provided convenient conditions also for foreign tourists.

This year alone, a great many foreigners visited Korea for tourism.

Korea is doing her best to further develop tourism as a member of the World Tourism Organization (WTO).

Power Official Comments on 'Day of Electricians'

SK2709033895 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 23 Sep 95

[Interview with Chu Tong-il, vice minister of the Ministry of Power Industry, by reporter Hong Song-chol; place and date not given — recorded]

[FBIS Translated Text] Today we greet the day of electricians. All functionaries and working class in the Ministry of Power Industry are greeting this day with proud and laborious success, warmly cherishing in their hearts the fatherly leader's [suryong] and the great leader's [yongdoja] immortal leadership achievement preserved in the power industrial development. Chu Tong-il, vice minister of the Ministry of Power Industry, who met with Central Broadcasting reporter Hong Song-chol, said the following:

[Begin Chu recording] All functionaries and working class of the sectors under the Ministry of Power Industry are significantly greeting the day of electricians at a time when all people throughout the country are full of the revolutionary zeal to effect an upsurge in production.

Party members and workers in various sectors under the Ministry of Power Industry, who are greeting this day, are warmly cherishing in their hearts the immortal leadership achievement of the fatherly leader and the great leader Comrade Kim Chong-il, who devoted his all to strengthening and developing the fatherland and built the self-reliant and strong power industry on this land.

On 23 September 1945, fifty years ago, the fatherly leader [suryong] sat together with functionaries in the power production sector and presented the revolutionary tasks it should fulfill, including the problems to more properly operate the power plants and to build new power plants with their own might.

Every year, functionaries and working people in the power industry greet 24 September as the day of electricians in order to eternally remember that day when a significant upturn was effected in developing the national power industry.

We are now full of the burning zeal to uphold our party and to glorify the socialism of our own style by further increasing power production, cherishing deep in our hearts the immortal leadership achievement of the fatherly leader and the great leader Comrade Kim Chong-il, who ceaselessly visited the large- and small-sized power plants despite his busy days and who devoted all efforts to developing the country's power industry.

In particular, a great many hydroelectric power plants — including Taedonggang hydroelectric power plant, 17 March hydroelectric power plant, Kanggye youth power plant, and Changjagang power plant — completed the September power production target ahead of schedule. In addition, thermal power complexes — including Pukchang thermal power complex and Pyongyang thermal power complex — have further increased power production by properly carrying out the facility management and repair work.

As befits combatants who adhere to the pilot of the national economy, all functionaries and working class in our Ministry of Power Industry should increase more power production to provide to the various sectors of the national economy. As a result, they should eternally glorify the great leader's [suryongnim] and the great leader Comrade Kim Chong-il's immortal leadership achievement preserved in the development of power industry. By so doing, we will greet the 50th anniversary of the founding of the party with enthusiastic zeal and laborious success. [end recording]

WPK Receives Sympathy Messages Over Flood

SK2609122995 Pyongyang KCNA in English 1039 GMT 26 Sep 95

[FBIS Transcribed Text] Pyongyang, September 26 (KCNA) — The Central People's Committee of the Democratic People's Republic of Korea and the C. C. [Central Committee], the Workers' Party of Korea [WPK] received messages of sympathy respectively from President of Seychelles France Albert Rene and

General Secretary of the C. C., the New Communist Party of Great Britain Eric Trevett in connection with the flood damage in different parts of the DPRK.

The messages expressed sincere sympathy to the WPK, the DPRK Government and the Korean people and hoped the damage would be smoothly healed in Korea.

Meeting Marking Anniversary of Local Daily Held

SK2609131595 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 14 Sep 95

[FBIS Translated Text] A report meeting marking the 50th anniversary of the founding of HWANGNAM ILBO [South Hwanghae Provincial daily] was held in Haeju on 14 September.

Present at the meeting were An Kwan-il, secretary of the South Hwanghae Provincial Party Committee; other functionaries concerned; and reporters and editorial staff members of the HWANGNAM ILBO.

In the meeting, a congratulatory letter from the Central Committee of the Workers Party of Korea [WPK] was delivered to the reporters and editorial staff members of HWANGNAM ILBO amid the participants' enthusiastic applause.

In the congratulatory letter, the WPK Central Committee highly evaluated the fact that the reporters and editorial staff members of HWANGNAM ILBO have resolutely defended and carried out our party's chuche-oriented idea and policy on the press with the burning loyalty toward the party and the leader [suryong], and thus achieved great success in indoctrinating the party members and working people in the province and inspiring them into the revolutionary struggle and construction work.

The congratulatory letter stressed that it firmly believes that all the reporters and the entire editorial staff of the HWANGNAM ILBO will highly uphold the party's leadership and will brilliantly respond to the party's trust and expectations by responsibly carrying out the daily's editing and publishing work.

In the report meeting, Yi Pong-ik, editor-in-chief of HWANGNAM ILBO, made a report, followed by discussions.

A letter of pledge to Comrade Kim Chong-il, the great leader [yongdoja] of our party and people, was adopted at the report meeting.

Meeting Initiates Relay of Loyalty Letter

SK2609132995 Pyongyang Korean Central Television Network in Korean 1100 GMT 25 Sep 95

[FBIS Translated Text] On the 50th anniversary of the founding of the glorious Workers Party of Korea, a meeting was held at the old Mangyongdae home, the cradle of the revolution, on 25 September to mark the start of relays by the relay group carrying a letter of loyalty addressed from the Pyongyang people to the great leader [yongdoja] Comrade Kim Chong-il.

Read at the meeting amid enthusiastic applause was a letter of loyalty containing the burning pledge of the people of Pyongyang to staunchly traverse the revolution's 10 million ri, cherishing the iron will and indomitable belief that they will always be victorious as long as the great leader [yongdoja] Comrade Kim Chong-il exists and that they will defend and adhere to the immortal revolutionary achievements accomplished by the great leader Comrade Kim Il-song before the party and the revolution.

Following this, the participants of the meeting entrusted the head of the relay group with the mission of courteously carrying the letter of loyalty.

With the letter containing the invariable loyalty of the Pyongyang people, who are determined to serve the great leader [yongdoja] Comrade Kim Chong-il with all loyalty and filial duties, the loyalty letter-carrying relay group started off to the place where the great October festival will be held amid the participants' hearty send-off.

Cherishing deep in their hearts the immortal achievement of the great leader — who was born in the old Mangyongdae home, walked on the road of the revolution, and devoted his entire life to the freedom and happiness of mankind and for the prosperity and development of the fatherland — the members of the loyalty letter-carrying relay group were overflowing with a firm pledge to devote their all for the consummation of the chuche revolutionary cause and our party's development under the leadership of the respected and beloved general, upholding the fatherly leader's behests.

National Art Festival Marks WPK Anniversary

SK2609115695 Pyongyang KCNA in English 1009 GMT 26 Sep 95

[FBIS Transcribed Text] Pyongyang, September 26 (KCNA) — A central contest of the National People's Art Festival ended with success.

The festival opened on Sept. 15 on the 50th founding anniversary of the Workers' Party of Korea [WPK] (October 10, 1945).

Put on the stage of the festival were works singing of the immortal revolutionary exploits of the great leader President Kim Il-song and the revolutionary activities and wise leadership of the great leader Comrade Kim Chong-il, works representing the firm will of the Korean people to add lustre to the Korean style-socialism centred on the popular masses and works based on the country's reunification.

Corn Harvest Results in Rural Areas Viewed

SK2509112695

[FBIS Editorial Report] The following is a compilation of news reports from Pyongyang Korean Central Broadcasting Network in Korean on 24 September on the results of corn harvest in different rural areas.

At 1200 GMT, the radio carries an under-one-minute report on the farmers in South Hwanghae Province "vigorously accelerating the corn harvest at the final stage." The radio reports: "Cooperative farms in Paechon County have completed the corn harvest as of 16 September and are now accelerating the collection of ears and achieving great results everyday." The radio also reports cooperative farms in Haeju, Samchon County, Sinchon County, and Pongchon County also "speed up reaping corn, bringing in ears, peeling corn husks, and drying corn in accordance with technical specifications."

At 2100 GMT, the radio carries an under-one-minute report on the "full-fledged corn harvest" in Chagang Province. The radio reports: "Cooperative farms in Huichon, Kanggye, and Manpo are fulfilling daily plans without fail." The radio also reports on the "timely corn harvest" by cooperative farms in Chonchon, Chasong, Songwon, and Sijung Counties.

Following the above report, the radio continues to carry another under-one-minute report on the acceleration of corn harvest by cooperative farms in Chonnae County of Kangwon Province, which "fulfill about 10 percent of a total county-level corn harvest plan everyday." The radio particularly points to the overfulfillment of daily corn harvest plans by Nowon, Taeyang, Kumsong, Yongnu, Pungjon, and Kupo cooperative farms in the county.

At 2200 GMT, the radio carries an under-one-minute report on cooperative farms in Panmun County, Kaesong, which achieve good results in threshing corn. The radio reports that the county "have threshed more than 900 tonnes of corn for the past several days" and reports: "In particular, Pongdong Cooperative Farm has threshed some 140 tonnes of corn for the past several days by accelerating corn harvest through socialist emulation among work teams and sub- workteams." The radio also reports: "Other cooperative farms in the county, including Pyonghwa Cooperative Farm, are overfulfilling daily plans, which were set high, at 110 percent to 120 percent by carrying out the struggle to thresh well dried corn in a timely manner."

Corn Harvesting at Cooperative Farms Viewed

SK2509113695

[FBIS Editorial Report] The following is a compilation of news reports from Pyongyang Korean Central Broadcasting Network in Korean and Pyongyang Korean Central Television Network in Korean on corn harvesting at various cooperative farms.

Pyongyang Korean Central Broadcasting Network in Korean at 2100 GMT on 18 September carries a brief news report on corn harvesting at cooperative farms in Hwangju County, North Hwanghae Province. Reporting that "cooperative farms in Hwangju County are harvesting 200 chongbo of corn a day," the news report says that "Kumsok and Changchon Cooperative farms in the county have each 40 percent completed corn havesting targets, and Kimchon, Samchong, Cholto, and Chongun cooperative farms have each 35 percent completed corn harvesting targets."

The radio also carries a brief report on corn harvesting in Chaeryong County, South Hwanghae Province. The radio says that "members of Yonggyo cooperative farm in Chaeryong County have achieved the success of completing corn harvesting in a short period and members of Kosan, Pongchon, and Naerim cooperative farms in the county had each 95 percent completed corn harvesting as of 15 September."

Pyongyang Korean Central Broadcasting Network in Korean at 2200 GMT on 19 September carries a brief report on corn harvesting at cooperative farms in Pongsan County, North Hwanghae Province. The news report says that Chitap, Puuk, Chonggye, and Kwanjong cooperative farms in the county "had 50 percent completed corn harvesting as of 14 September."

The radio also carries a brief report on corn harvesting in Yongchon and Yomju Counties in North Pyongan Province. The radio says that "agricultural working people in Yongchon County and Yomju County have each 84 percent completed corn harvesting targets." The radio says that (Oho), Kyongil, and Tokhung Cooperative Farms in Yongchon County have completed corn harvesting and Tangsan and Yongampo Cooperative Farm in this county are accelerating corn harvesting in the final stages. The radio also says that cooperative farms in Yomju County have 73 percent completed corn harvesting.

Pyongyang Korean Central Television Network in Korean at 1100 GMT on 19 September carried a brief report on corn harvesting in the Cho Ok-hui Cooperative Farm of Paechon County. The television says that the "Cho Ok-hui Cooperative Farm where the great leader [suryongnim] and the dear leader Comrade Kim Chong-il personally visited are concentrating efforts on corn harvesting while vigorously acclerating preparations for rice harvesting."

Papers Highlight Kim Il-song Work on Economy

SK2309111295 Pyongyang KCNA in English
1033 GMT 23 Sep 95

["Highly Important Work that Brought About Epoch-Making Turn in Planning of National Economy" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, September 23 (KCNA) — NODONG SINMUN and MINJU CHOSON today dedicate articles to the 30th anniversary of the publication of the great leader Comrade Kim Il-song's famous work "To Give Full Play to the Great Vitality of the Unified and Detailed Planning of the National Economy."

The papers say that the speech made by Comrade Kim Il-song at a general meeting of the party organisation of the State Planning Commission on September 23, 1965, is a highly important work that indicates a way of bringing about an epoch-making turn in the planning in conformity with the nature of the socialist economy and the requirements of the developing national economy.

NODONG SINMUN in a signed article says the work illumines in a comprehensive way the essence and advantages of the unified and detailed planning and principles and ways of carrying them into practice. It goes on to say:

The work is of great significance because it serves as a highly important guide to give full play to the advantages of the socialist planned economy.

With the full embodiment of the unified and detailed planning, a policy put forward by Comrade Kim Il-song, a well-organised planning system has been established with the state planning commission and planning cells and the national economic plan has become a scientific, mobilised and realistic one which correctly mirrors the party's economic policy and the revolutionary zeal and creative ingenuity of the people in Korea.

As they have a powerful weapon to give full play to the advantages of the socialist planned economy provided by Comrade Kim Il-song, the Workers' Party and people of Korea have been able to firmly defend the socialist economic system without the slightest vacillation and to give fuller play to its potentials even when other countries failed in socialist economic construction and they introduced market economy.

The work makes it possible to considerably strengthen the functions and role of the state planning organs and enables planning workers to work devotedly for the implementation of the party's economic policy.

This is another point of the significance of the work and its vitality.

In conclusion the article stresses that it is an invariable policy of the Workers' Party of Korea to take hold of the unified and detailed planning, a policy of Comrade Kim Il-song, and continue to thoroughly carry it into effect.

People Visit Party Founding Museum

SK2609115895 Pyongyang KCNA in English
1025 GMT 26 Sep 95

[FBIS Transcribed Text] Pyongyang, September 26 (KCNA) — An increasing number of people from all walks of life are visiting the party founding museum with the approach of the 50th anniversary of the Workers' Party of Korea [WPK].

The visitors deeply grasp the undying revolutionary feats of the great leader President Kim Il-song, who founded the party, the general staff of the Korean revolution, and wisely led the revolution and construction.

The museum is located at the foot of Mt. Haebang in the heart of Pyongyang. It was opened to the public in October 1970.

It covers an area of more than 24,000 square metres.

The museum consists of a dwelling house of President Kim Il-song, a two-storey building, a lotus pond and the monument to the party foundation.

After Korea's liberation President Kim Il-song worked in the building from September 1945 to January 1949 to accomplish the historic cause of the party foundation and to lead the building of a new Korea to a brilliant victory.

Preserved on the second floor of the museum are office rooms of President Kim Il-song, a reception room and a conference room. On the first floor of the museum are rooms in which many materials on the party founding are exhibited.

It was in small, ordinary office rooms that the president made preparations for enlarged executive committee meetings of the party central organising committee, drew and published a draft platform of the party and its draft rules, leading the struggle to found and strengthen and develop the party and build a new Korea.

It was in the 200-seat conference room that the president convened the historic party inaugural congress on October 10, 1945, and declared the party founding.

On display in the rooms on the first floor are materials on the formation of the DIU [the Down-with-imperialism Union], the historic root of the Workers' Party of Korea, (October 17, 1926), the inauguration of the first party organisation in Korea—the society for rallying comrades—in July 1930 and the formation of party organisations within the Korean People's Revolutionary Army in the period of the anti-Japanese revolutionary struggle, his works, many other historical data and pictures.

Also exhibited there are materials showing that the president put forward the three major tasks to build the party, the state and the Army and led the people to a struggle to carry them into practice and that he strengthened and developed the Communist Party into the Workers' Party of Korea, the massive political party, through a merger between the Communist Party and the New Democratic Party.

There is a dwelling house of the president one hundred metres away from the museum building.

It was in the house that the president worked heart and soul to found the party and build a new Korea, living together with anti- Japanese revolutionary fighters.

The lotus pond covering an area of two hundred square metres is a significant place where in the post-liberation days the president posed for a photograph with Kim Ku and Kim Kyu-sik, democratic figures from South Korea, and other delegates to the joint conference of representatives of the North and South Korean political parties and public organisations.

Standing at the museum is the monument to the party foundation, which was set up in celebration of the 30th anniversary of the Workers' Party of Korea (October 10, 1975) to hand down through the generations the imperishable revolutionary feats of President Kim Il-song, the founder-leader of the Workers' Party of Korea.

Fishing Industry Development Under WPK Noted

SK2609120095 Pyongyang KCNA in English 1032 GMT 26 Sep 95

["'50 Years Under Banner of WPK' (14); Fishing Industry" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, September 26 (KCNA) — Great achievements were made in the development of fisheries in the past 50 years after the Workers' Party of Korea [WPK] was founded on October 10, 1945.

The great leader President Kim Il-song, long ago, put forward the policies and ways for the comprehensive development of the fishing industry including policies of making large, modernized and universal fishing vessels and building fishing ports and processing bases along up-to-date line. And he wisely led the work to bring them into effect.

The Korean fishing industry had a solid independent foundation already in the 1960s with the supplement of above 10,000-ton factory ships, 5,000-ton cold-storage ships, 3,750-ton stern trawlers and many other fishing vessels.

A perfect balance was achieved in the infrastructure of fishing industry and its chuche character further strengthened after vessel repair bases, fishing-tackle producers, ports and sea-foods processing centres were modernized on a full scale and fish culture bases built in different parts of the country.

In the period of the six-year plan (1971-1976) a signal progress was made in making large, modernized and all-purpose fishing vessels. As a result, fishing capacity of the vessels increased by 50 percent and the scientific and technical equipment installed on vessels grew two times in number.

Up-to-date cold-storage factories took their shape in main fishing ports in this period, considerably raising the refrigeration and storage capacity.

The target of producing 1.6 million tons of sea foods which was envisaged in the plan, was hit one year and seven months ahead of the schedule.

The material and technical foundations of fisheries were remarkably hardened in the period of the second seven-year plan (1978-1984).

Marine products processing centres were expanded on a big way and large cold-storage factories and cold storages were built in Pyongyang, Sinpo, Yukdae, Wonsan, Chongjin, Nampo and many other areas.

In the period of the plan the sea-food production increased by 120 percent.

Especially, a more solid foundation for a radical increase in the sea-food production was laid during the third seven-year plan (1987- 1993). More than 1,100 fishing vessels including above 3,750-ton stern trawlers were made and the area of sea culture was considerably increased.

Today the nation's fisheries is constantly developing on the basis of latest science and technology with its perfect infrastructure.

Achievements of Chemical Industry Viewed

SK2109001795 Pyongyang KCNA in English 1024 GMT 20 Sep 95

[FBIS Transcribed Text] Pyongyang, September 20 (KCNA) — A radical change has taken place in the chemical industry over the past five decades under the wise leadership of the Workers' Party of Korea.

Many years ago, the great leader President Kim Il-song, the founder of the party, put forward the policy of building a multilaterally-developed, chuche-based chemical industry and wisely directed efforts for its implementation.

Since then, the nation's chemical industry had made a fresh development.

With the vinalon and vinyl chloride industrial sectors built on the basis of limestone and anthracite coal abundant in the country early in the 1960s, chemical industry entered a new stage of its development.

In that decade, more than 100 chemical factories including 40 large ones were built and ammonia synthesis factories based on coal gasification made their appearance in Hungnam and Undok.

The production of chemical fabrics and plastics increased respectively 2.4 and 40 times in 1969 that in 1960. [sentence as received]

In the 1970s, the production capacity of vinalon and vinyl chloride reached 50,000 tons respectively and such new sectors as orlon, polyethylene and phosphate fertilizer were built.

With large oil processing factories built in different parts of the country, chemical industry has developed in an all-round way.

In the '80s, movilon industry was built and modern chemical factories including the Tanchon reagent factory were constructed throughout the country, considerably strengthening the independence of chemical industry.

The material and technical foundations of chemical industry were further consolidated in the period of Third Seven-Year Plan (1987-1993).

In that period, the first-stage project of the Sunchon vinalon complex was completed and put into operation, the Sinuiju chemical fabrics complex and other chemical fabrics producers further readjusted and reinforced and basic chemical goods producers built.

The main equipment of the Hungnam fertilizer complex were made large and streamlined and the existing chemical fertilizer and agricultural medicine factories were updated.

Today Korea's chemical industry has developed to be a powerful industry equipped with both inorganic and organic industrial sectors dependent on domestic materials and fuel resources, fully meeting the ever-growing demand of the national economy for various kinds of chemical goods.

'Aerial Passenger Cableway' at Mt. Paektu

SK2609063995 Pyongyang KCNA in English 1001 GMT 25 Sep 95

[FBIS Transcribed Text] Pyongyang, September 25 (KCNA) — An aerial passenger cableway on Mt. Paektu has been built before the 50th anniversary of the Workers' Party of Korea.

The cableway in the 1.3 km section from Hyangdo Peak down to the shore of Lake Chon has been automatized, without vibration and its safety is guaranteed.

The cablecar accomodates tens of people each time.

By the cableway visitors and tourists can go down to the shore of lake chon, commanding a bird's-eye view of peaks of Mt. Paektu, a holy mountain of revolution, and the clear and deep water of the lake and use spas, mineral water and spring water.

A ceremony for its completion was held on Sunday.

South Korea

Students Demonstrate at Kwangju 'American Center'

SK2709001495 Seoul YONHAP in English 0009 GMT 27 Sep 95

[FBIS Transcribed Text] Kwangju, Sept. 27 (YONHAP) — Over 200 radical students staged violent demonstrations in front of the American Center here at around 7 AM Wednesday [2200 GMT 26 September], demanding that the U.S. military reveal its position on the case involving the bloody suppression of the May 18, 1980, Kwangju democratization movement.

The demonstrators, mostly members of the Kwangju-South Cholla Provincial Federation of Students Associations, clashed with guards for about half a hour and hurled rocks at riot police there.

The students demanded that the United States make its position clear on the issues of inquiring into the true state of the May 18 incident and punishing those responsible for the bloody suppression of the civilian uprising.

The rallying students also called upon the United States to "stop putting pressure on South Korea to further open its auto market."

Hanchongnyon Plans 29, 30 Sep Protests

SK2709023395 Seoul TONG-A ILBO in Korean 27 Sep 95 p 29

[Report by Yi Ki-chin from Taejon]

[FBIS Translated Text] The Korea Federation of University Student Councils [Hanchongnyon] (Chairman Chong Tae-hong, president of Korea University's Student Association) revealed that it will stage student strikes and street demonstrations on 29 and 30 September in each university across the country in order to call for the punishment of those involved in the 18 May Kwangju incident.

After the central committee meeting attended by representatives of students from 130 universities throughout the country over the past two days at Taejon's Chungnam University, Hanchongnyon held a news conference in which it revealed that it will form a "suicide unit" to arrest former Presidents Chon Tu-hwan and No Tae-u for indictment.

Hanchongnyon also stated that it is planning to form "a visiting group to King Tangun Tomb in Pyongyang and Najin-Sonbong special economic zone" which it plans to send to North Korea via Panmunjom on 3 October, National Foundation Day. It also plans on carrying out a movement to collect money and relief materials to help North Korean flood victims and will send the money and materials to North Korea on 3 November, Students Day.

North-South Talks Begin in Beijing

SK2709111195 Seoul YONHAP in English 1056 GMT 27 Sep 95

[FBIS Transcribed Text] Beijing, Sept. 27 (YONHAP) — South and North Korea presented their basic positions at their third-round government officials talks begun here Wednesday.

Emerging from the meeting held at Grand Hotel, a South Korean spokesman said his delegation raised mainly the issue of obtaining the release of a South Korean fishing boat and its crew persons seized by the North Koreans.

A North Korean official, meanwhile, said his delegation discussed the question of securing additional rice from the South.

The two spokesmen declined to elaborate. "Under a mutual agreement, we won't answer questions related to the progress of the talks," one of the spokesmen said while making a joint press statement.

A source at the South Korean delegation said the South made it clear that unless the North guarantees the early release of the fishing boat and its crews, the South won't discuss other issues like additional provision of rice, flood relief assistance and expanded economic cooperation.

On the other hand, the source said, the North Koreans insisted on the discussion of the rice issue, arguing that the talks were intended primarily to discuss the rice question.

Contending that the fishing boat issue has basically nothing to do with the talks, the North asserted that if and when the rice issue were agreed on, there would be a progress in the question of the fishermen, according to the source.

The talks lasted two and half an hours from 10 AM. The chief South Korean delegate was Yi Sok-chae, vice finance and economy minister, and his North Korean counterpart Chon Kum-chol, an advisor to the Committee for the Promotion of External Economic Cooperation.

The two sides decided to resume the meeting at 10 AM Thursday at China World Hotel.

Usefulness of Some Military Equipment Questioned

SK2609115195 Seoul YONHAP in English 1057 GMT 26 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 26 (YONHAP) — A bickering flared up during a parliamentary inspection session at the Defense Ministry Tuesday over the advisability of an anti-aircraft artillery project and stockpiled U.S. military tanks set to be turned over to the Korean Army.

The dispute began when Rep. Chang Chun-ik of the opposition Democratic Party demanded suspension of the production of the "Piho (flying tiger)" anti-aircraft artillery on the ground that its effective range is no more than 2.5 to 2.7km against the Army's need of 3 to 4km.

Refuting the demand, Kim Si-chung, chief of the Defense Ministry's anti-aircraft artillery project team, insisted that the artillery's effective range is 3km.

Kim said that compared with the United States' short-range surface-to-air missiles like "Avenger," the "Piho" performs better especially in the areas of electronic warfare and battle adaptation.

Rep. Chang, a retired Lt. General, said the 3km range as claimed by Kim has not been proved as the "Piho" artillery has never been test-fired against an object higher than 1.8km.

At this point, Defense Minister Yi Yang-ho stepped in, saying that his ministry will see to it that six "Piho" artillery pieces will be produced on a trial basis for full performance tests before they are mass-produced.

"Besides, we will have an authoritative office examine whether or not to carry on the 1,100-billion-won artillery project," minister Yi said.

Also during the inspection session, Rep. Yim Pok-chin of the National Congress for New Politics (NCNP) said the Army's planned acceptance of stockpiled U.S. Army tanks amounts to "getting dragged into the U.S. strategy to dispose of its military stocks."

Yim asserted that some reports say the M-48 tanks to be received from the U.S. Forces Korea are waste equipment used to be thrown into the sea as fish houses.

But, An Kwang-nam, Defense Ministry logistics bureau director, said the M-48A5 tanks are a model more advanced than the M-48A3 deployed at some Army units.

"Besides, acceptance of the tanks would serve national interests as they are to be received in return for ammunition storage management expenses," An said.

Figures on Defective U.S. Military Imports

SK2709070295 Seoul CHUNGANG ILBO in Korean 27 Sep 95 p 2

[Report by Choe Sang-yon]

[FBIS Translated Text] Of the National Defense Ministry's military imports purchased through foreign military sales [FMS] from the United States, 6,162 cases (about 2.76 million won) of defects have been found since 1990, and the ROK has not received compensation for 516 cases of defective items amounting to $6.67 million (about 5.3 billion won) as of the end of last year. This fact was revealed in data submitted to Assemblyman Kang Chang-song (Democratic Party) by the Defense Ministry for parliamentary inspection.

In addition, when the ROK Armed Forces Procurement Headquarters purchased submarines from Germany on two occasions in 1987 and 1989, it failed to obtain the transfer of technology and to observe the regulation on "compromise trade" which allows us to sell our defense industrial materials at a certain rate. This has resulted in export losses of up to 14 million won and the failure to gain technology.

'Explanatory Meeting' on Najin-Sonbong Held

SK2309090195 Seoul HANGUK ILBO in Korean 23 Sep 95 p 6

[Report by Beijing-based correspondent Song Tae-su]

[FBIS Translated Text] On 22 September, North Korea revealed that it will modernize basic facilities in the Najin-Sonbong zone by the year 2000 in order to foster and develop this zone into a special economic zone with a population of 1 million and a base for international cargo, export processing, and sight-seeing.

In "the explanatory meeting for the development of the Tumen River estuary and for international investment in the Najin-Sonbong free trade zone" held that day at the International Trade Center in Beijing, Kim Chong-u, chairman of the DPRK Committee for the Promotion of External Economic Cooperation, revealed this plan and added that "the Najin-Sonbong district will develop into a comprehensive modern international intermediate center by 2010."

The ongoing explanatory session arranged by North Korea for the first time in history, will continue until 23 September. Relevant officials from North Korea and the United Nations Development Program (UNDP) will explain the present status and prospects of the Najin-Sonbong zone according to each domain. Individual business negotiations will be held on 24 and 25 September.

North Official Says 70 Killed by Recent Floods

SK2709080195 Seoul YONHAP in English 0753 GMT 27 Sep 95

[FBIS Transcribed Text] Beijing, Sept. 27 (YONHAP) — About 70 people were killed by the recent heavy flooding in Hwanghae Province, North Korea, senior North Korean officials said Wednesday.

Meeting at the third round of inter-Korean rice talks here, Chon Kum-chol, North Korea's advisor to the Promotion Committee for External Economic Cooperation, revealed the number of casualties, adding that the flood affected approximately 5.2 million people in North Korea.

He said, "the damage caused by the flood was estimated at about 15 billion U.S. dollars, as 145 cities and counties in all nine provinces suffered from the heavy rains."

It is the first time North Korea disclosed the number of people killed by the flood.

Unification Church Said To Build Shrine in North

SK2609082895 Seoul YONHAP in English 0614 GMT 26 Sep 95

[FBIS Transcribed Text] New York, Sept. 26 (YONHAP) — The Unification Church is building a 100-million-U.S.-dollar shrine in North Korea, permanent representative to the United Nations Pak Su-kil said Tuesday.

Pak said, "North Korea will soon have two major shrines, one honoring its deceased leader Kim Il-song and the other recognizing the Rev. Moon Sun-myung, head of the Unification Church, as a large and sacred shrine venerating the Rev. Moon is being built in North Korea."

In a meeting with reporters, the representative predicted massive inroads into the North by the Unification Church in the near future, hinting that the North, severely hit by the recent floods and economic plight, badly needs economic assistance from the Unification Church.

A diplomatic source echoed, saying, "We have information that the Unification Church is involved in large-scale investment projects in North Korea. The Unification Church will likely use the strategy (to gain access) in North Korea as it did in Russia."

"It is very likely that the Unification Church's shrine is being built in Chongju, North Pyongan Province, where Rev. Moon was born," he said, adding, "the building of Rev. Moon's shrine attests to the severe economic plight of the North, considering the socialist state has strictly limited freedom of religion."

Minister on UNC Measures To Support Armistice

SK2709081995 Seoul YONHAP in English 0750 GMT 27 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 27 (YONHAP) — Defense Minister Yi Yang-ho said Wednesday that the United Nations Command (UNC) is taking necessary measures to cope with North Korea's attempt to nullify the Armistice Agreement.

Answering lawmakers' questions at a parliamentary inspection hearing, Minister Yi said, "the UNC in charge of the Armistice Agreement is taking necessary measures to cope with the North's moves to scrap the accord, like sending a formal protest to the North as well as by dispatching special reports to the UN Security Council."

North Korea has demanded that the current Armistice Agreement between itself and the UN command be replaced with a peace accord between Pyongyang and Washington.

Minister Yi said that China still considers the Armistice Agreement valid and that the Polish delegation to the Neutral Nations (Armistice) Supervisory Commission (NNSC), which had been driven out of North Korea, is continuing its operations here along with other NNSC countries.

Commenting on the possibility that North Korea has nuclear weapons, Yi judged that the North has enough plutonium for one or two nuclear weapons and that it has the technology required to produce a crude nuclear device.

"However, the government is doubtful that North Korea has already developed a nuclear weapon, considering the level of North Korean technology," he opined.

Meanwhile, he said that the ministry may study ways to link the easing of the U.S. Government's control on South Korean exports of defense goods to South Korea's purchase of U.S. weapons.

Currently, South Korea must first obtain approval from the U.S. Government to export to a third country military supplies produced with U.S. technology.

Defense Minister Yi Yang-ho Supports Armistice

SK2309044495 Seoul THE KOREA HERALD in English 23 Sep 95 p 3

[FBIS Transcribed Text] South Korean and Japanese defense ministers yesterday agreed that the 1953 Korean Armistice Agreement and the Military Armistice Commission (MAC) structure should be observed, brushing off a North Korean bid to cripple the armistice agreement and the supervising commission.

In a meeting held at the Defense Ministry, Defense Minister Yi Yang-ho and Seishiro Eto, director general of Japan's Defense Agency, shared the view that the Korean armistice structure should be respected and observed till peace is settled in the Korean Peninsula, a ministry spokesman said.

Yi and Eto were echoing an agreement reached by Yi and William Perry, U.S. secretary of defense, in a meeting at Honolulu, Hawaii, in early September. North Korea has made several attempts to cripple the armistice agreement in a bid to replace it with a peace pact with the United States.

Eto came to Seoul for a three-day visit at Yi's invitation. He was the first Japanese defense minister to visit South Korea in five years.

The two defense ministers also agreed that a Japanese naval fleet will for the first time make a good-will port call in South Korea next year. It would be a return port call of a South Korean Navy vessel's in Tokyo in December last year.

Eto invited Yi to visit Tokyo next year. Yi accepted the invitation.

Yi and Eto also shared the view that peace and stability in the Korean Peninsula are vital to the interests of their two countries and called for a complete settlement of issues surrounding North Korea's nuclear program, said the ministry spokesman.

The two defense ministers further concurred that both countries will continue to improve their military-friendly relationship and strengthen military exchanges. A ministry official said that both sides reached an agreement to launch cooperation in logistics and sharing of information.

They agreed that working-level defense officials of the two countries will meet to exchange information on their contributions to the cost of maintaining U.S. forces in their countries.

There have been few, if any, military exchanges or cooperation between South Korea and Japan. In April 1994, Yi Pyong-tae was the first South Korean defense minister to visit Japan.

Thus, Eto's visit to South Korea is attracting attention as his visit is made amid the changing security environment in Northeast Asia, a ministry official said.

Pak Un-tae Returns Home From Japan

*SK2609083195 Seoul YONHAP in English
0619 GMT 26 Sep 95*

[FBIS Transcribed Text] Seoul, Sept. 26 (YONHAP) — Rep. Pak Un-tae, suspected of blackmailing a bank and several enterprises, returned home Tuesday from Tokyo at about 12:10 P.M.

Rep. Pak told reporters at the airport, "I totally deny the prosecution's charges against me. In particular, the allegation that I blackmailed a bank to write off 2 billion won in liabilities was merely a distortion of a routine commercial transaction that took place before I became a lawmaker."

Commenting on the prosecution's plan to summon him for questioning, he said, "I'll take action after fully consulting with the party. And, I'll prove my innocence in court.

"It is preposterous for the prosecution to charge me as a shameless man, infringing upon my right to refute charges," Pak asserted. "Whether the charges are true or not, I'm sorry for the people and I apologize to the party for having damaged its honor."

Together with the main opposition National Congress for New Politics (NCNP) Vice President Yi Chong-chan, floor leader Sin Ki- ha, and Rep. Kim Ok-tu, who met him at the airport, Rep. Pak sped to NCNP headquarters where he proclaimed his innocence at a press conference after meeting with party President Kim Tae-chung.

Pak, who left the country Aug. 31 to attend a seminar in the United States, had put off his return home several times while in Japan, as the prosecution's investigation of him progressed.

Meanwhile, the prosecution plans to summon Rep. Pak for questioning. Should he refuse to appear, the prosecution would seek an arrest warrant for him on charges of blackmail and embezzlement.

Rules on Travel to Laos, Cambodia, Cuba Relaxed

*SK2409010295 Seoul THE KOREA TIMES in English
24 Sep 95 p 2*

[FBIS Transcribed Text] South Koreans are allowed to visit Laos, Cambodia and Cuba simply by reporting their travel plans to the Foreign Ministry or its overseas missions without waiting for permission from the government, a Foreign Ministry spokesman said yesterday.

The ministry will also allow overseas Koreans to stay in the country for up to two years. So far, they are allowed to stay there for up to one year.

Those amendments to the passport law went into effect yesterday, according to the ministry.

The ministry, however, will continue to limit to one year the maximum period of stay for overseas Koreans who did not fulfill their military service requirements.

Government To Submit 1.9 Trillion-Won Budget

*SK2509095495 Seoul YONHAP in English
0334 GMT 25 Sep 95*

[FBIS Transcribed Text] Seoul, Sept. 25 (YONHAP) — The government and the ruling Democratic Liberal Party (DLP) agreed to introduce a supplementary budget of 1.9 trillion won (some 2.4 billion U.S. dollars), including 300 billion won for flood relief and reconstruction, at a high-level officials meeting held Monday.

Attending the meeting were Finance and Economy Minister Hong Chae-hyong and DLP Second Policy Coordination Committee Chairman Yi Sang-tok.

Itemized numerical adjustments of the additional budget will be made at the working-level government-DLP meeting, officials noted.

The government and the DLP also agreed to extend aid to fishermen suffering from the red tide along the nation's southern coast after their losses are determined. Fish-killing plankton propagate when the ocean temperature rises to a certain level and subsequently turn the affected waters red.

The officials added that the aid to large-scale fish farms incurring losses from the red tide will be made in loans, not in grant-type aid.

Surplus Budget Bill for 1996 Adopted

SK2609063195 Seoul YONHAP in English
0522 GMT 26 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 26 (YONHAP) — The administration on Tuesday adopted a surplus budget bill of 64,509 billion won (83.8 billion U.S. dollars) for next year with expenditures amounting to 63,003 billion won.

Next year's projected revenue represents an 18.6 percent increase over the current fiscal year's 54,376-billion-won budget and a 13.6 percent hike from this year's actual expected revenue of 56,792 billion won. The projected budget outlays for next year show a 14.9 percent rise from the current year's 54,824 billion won.

The administration finalized the 1995 budget bill at a state council meeting Tuesday and plans to submit it to the National Assembly on Oct. 2 upon approval by President Kim Yong-sam.

Meanwhile, the per capita tax burden will increase from this year's expected burden of 1,620,000 won to 1,829,000 won next year, raising the tax burden ratio from 20.9 percent for this year to 21.2 percent. In proportion to the country's increasing budget outlays, this figure has been continuously rising, from 17.9 percent in 1991 to 18.7 percent in 1992 and 19.1 percent in 1993.

Next year's projected budget outlays of 63,003 billion won are comprised of 58,003 billion won in general accounts, up 16 percent over this year's 49,987 billion won, and 5,000 billion won in special accounts from financial investments and loans, up 3.4 percent over this year's 4,836 billion won.

The 1996 budget bill also features sharp spending hikes in the fields of education, social welfare, environmental preservation and ensuring the safety of public facilities.

The Education Ministry's budget will increase to 15,567 billion won next year from the current year's 12,495 billion won. With education-related budgets at other ministries (275 billion won) and the provincial education budget (1,842 billion won) added, overall educational outlays will jump 26.7 percent from this year's 13,961 billion won to 17,685 billion.

To help dispel the prevailing sense of fear arising from large- scale disasters like the collapses of the Songsu Bridge on the Han River last year and the Sampung Department Store in June this year, 2,031 billion won has been earmarked for maintaining the safety of public facilities, a 38.5 percent hike over the current year.

For the preservation of the environment and pollution control, 1,326 billion won has been reserved, representing a 28.2 percent raise over the current year's expenditures.

With civil servants' salaries to be raised 9 percent next year from this year's 6.8 percent, for the purpose of boosting their morale, personnel expenditures were set at 7,885 billion won, up 11.4 percent over the current year.

Meanwhile, for the first time in four years the defense budget will experience a two-digit increase with outlays of 12,736 billion won allotted, a rise of 10.7 percent over this year.

Civil Servants To Receive 9 Percent Pay Raise

SK2609074895 Seoul YONHAP in English
0631 GMT 26 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 25 (YONHAP) — Public servants will get a 9-percent pay raise next year, comprising 5 percent hike in their basic salary and 4 percent in welfare allowances, according to the fiscal 1996 budget bill passed by the State Council Tuesday.

The increase is lower than the average 11.4-percent raise for employees in the private sector, but higher than the increases of 3 percent, 6.2 percent and 6.8 percent which civil servants received in 1993, 1994 and 1995, respectively.

The increased welfare allowances include a special bonus amounting to 50 percent of their basic salary for Chusok (autumnal moon festival) and Lunar New Year holidays, 50,000 won to 150,000 won a month for commuting expenses and 90,000 won to 600,000 won a month for additional expenses.

For lower-level civil servants, such as policemen and tax collectors, special job allowances will be raised to 100,000 won to 240,000 won a month, while teaching allowances for primary and secondary school teachers will be increased to 170,000 won to 200,000 won a month.

Fair Trade Commission Notes Insider Trading

SK2309045995 Seoul THE KOREA HERALD in English 23 Sep 95 p 8

[FBIS Transcribed Text] Illegal insider trading practices are still widespread among subsidiaries of the nation's 30 largest business groups, known here as chaebol, according to the nation's antitrust watchdog yesterday.

This year alone, six subsidiaries of Sunkyong, Hyundai and Daewoo business groups were found to have been involved in unfair insider trading, the Fair Trade Commission said in a report to the National Assembly.

Last year, 48 chaebol subsidiaries committed anticompetitive insider transactions,while 25 affiliates of eight business groups engaged in illegal trading practices, it said.

Examples of illegal insider trading practices committed by the violators include favorable treatment of group companies to nongroup suppliers, refusal of business with suppliers and forced sales through employees, the watchodog said.

Meanwhile, the antitrust body fined a total of 4.5 billion won for corporate unfair trading practices in the first eight months of this year.

The penalties amounted to 2.5 billion won in 1994 and 1 billion won, in 1993, it said.

Commission Notes Chaebol Not Reducing Shares

SK2309050995 Seoul THE KOREA TIMES in English 23 Sep 95 p 9

[Article by staff reporter Yi Chang-sop: "Biz Groups Spurn President Kim's Call for End to Economic Concentration"]

[FBIS Transcribed Text] Many major business groups, including Samsung and Hyundai, made a series of announcements last year, indicating they intended to trim the number of their subsidiaries last year in response to President Kim Yong-sam's call for specialization.

The Samsung group took the initiative, unveiling what it believed to be a bold reorganization and trimming plan.

But, contrary to its public pledge, it increased the number of its subsidiaries by five to a total 55 over the one year to last April, according to the Fair Trade Commission. It also vowed to reduce the number of shares held by its chairman Yi Kun-hui, his families and close associates. But this was also a big lie. Shares the Yi family hold in the subsidiaries rose to 49.3 percent of the total last April, up from the 48.9 percent in April last year.

Samsung is not alone in its series of "lies" to the public. The other groups such as Hyundai, under pressure from the Kim administration, reluctantly announced plans to reduce their number of subsidiaries and the portion of shares their families have in their subsidiaries.

The Fair Trade Commission said over the past one year to last April, Korea's 30 major conglomerates increased the number of their subsidiaries by seven to 623. Among the 30 groups, only Daewoo, LG, Sunkyong, Ssangyong, Lotte, Hanil, Jinro, Sammi and Miwon cut the number of their subsidiaries.

The portion of shares the owners and their family members held in these subsidiaries rose from 42.7 percent in April, 1994, to 43.3 percent last April.

Despite President Kim's earlier pledge to encourage the 30 major groups to seek specialization and diffuse economic concentration in the hands of a few business tycoons, the 30 industrial giants are in a rush to expand their business territory.

Major groups compete with each other to outrival their competitors in press coverage but they seldom publish the extent to which their commitments have been implemented.

The Fair Trade Commission was upgraded as an independent government unit in charge of diffusing economic concentration. But it has become a toothless ceremonial body unable to withstand political pressure preventing it guiding industrial giants to seek specialization.

Prof. Yi Pil-sang of Korea University, said that the Kim Yong-sam administration has been "engaged in encouraging the acceleration of the economic concentration," despite his earlier pledge.

The incumbent government, by taking advantage of the privatization program, allocated lucrative state enterprises to major groups. For example, the first mobile telecommunication project was given to Sunkyong. Samsung took over Korea Fertilizer. Dacom has gone to LG. Pohang Iron and Steel Co. (POSCO) took over the second mobile telecommunication project.

The globalization, internationalization and deregulation program turned out to be an "excuse" to given favors to major groups, according to Prof. Yi. Even the military dictatorships of Chon Tu-hwan and No Tae-u did not wink at such a degree of "accelerated economic concentration," Yi said.

He criticized the Kim administration for lacking a basic philosophy in "managing and controlling" the monster-like business groups. President Kim vowed not to receive even a penny from businessmen but he has given more favors to industrial giants than his predecessors, from whom business tycoons could expect favors because of their contributions to their war chests, he said.

Now Korean industrial giants are wielding an unruly power in the economy, society and even politics. Banks must beg them to use their money at a time when a record number of small- and medium- sized firms, unable to get financing, have gone under. Such groups as Samsung, Hyundai and Hanhwa are recycling part of their record earnings to bolster the influence of their dailies. They are trying to link advertising to the degree of favorable coverage they receive in other dailies, according to the Journalists Association of Korea, which is monitoring the editorial independence of Korean journalism.

Prof. Yi and other critics are skeptical of whether the Kim administration will be able to tame unruly groups in the latter half of his five-year tenure.

Ministry Reports on Trade Default Payments

SK2609023295 Seoul THE KOREA TIMES in English 26 Sep 95 p 8

[Unattributed article: "US Firms Responsible for 50 Pct of Unpaid Exports by Korean Cos."]

[FBIS Transcribed Text] American companies owed over 50 percent of the value of insured Korean exports unpaid for over the last three years, a report from the Ministry of Trade, Industry and Energy shows.

In a report to the National Assembly yesterday MOTIE said 43.9 billion won of the total of 90.4 billion won in default payments was owned by companies operating out of the United States.

The report showed that default payments, all of which are covered by export insurance, soared to 38.8 billion won in 1994, before slowing down somewhat to 21.3 billion won in the first eight months of this year.

Behind the United States was Iran with 20.4 billion won owed since 1993, followed by countries like Saudi Arabia, China, Vietnam, Mexico, and Japan, all with more than 2 billion won in default payments.

The actual total amount in default payments is considerably more when exports which were not covered by insurance are taken into account, MOTIE officials said.

They told lawmakers that the biggest group of defaulters are recipient companies which have gone bankrupt or have failed to meet payment dates due to financial difficulties.

"Owing to enhanced efforts to check the credit standing of importers, defaulted amounts are falling although more effective measures still have to be devised," MOTIE said in its report.

In particular, there is a tendency for Korean companies to have confidence in the affluence of American enterprises and this has led to a huge amount of shipments for which payment has not been received.

North Korea, with which indirect trade has been increasing in recent years, has defaulted on exports worth 1.02 billion won since 1993, the MOTIE report revealed.

In most cases, the Korea Export Insurance Corporation screened the papers and paid out compensation while working on other cases to secure payment through the appropriate channels.

These include close cooperation with the Paris Club and rescheduling with corresponding governments so that payments can be made at a later date, the MOTIE officials explained.

New Entrants Given Access to Telecom Networks

SK2309050095 Seoul THE KOREA HERALD in English 23 Sep 95 p 8

[FBIS Transcribed Text] New entrants into the domestic telecommunications services will not suffer any disadvantages in gaining access to the local telephone networks, currently monopolized by Korea Telecom [KT].

The Ministry of Information and Communication [MIC] has revised the regulations on communications-network interconnection to guarantee all start-up telecom operators equal access to Korea Telecom's local networks.

Unveiling the contents of the revised regulations, an MIC spokesman said that Korea Telecom will be obliged not to discriminate against newcomers wanting to use local phone networks. The local networks refer to the telephone communications lines that connect each phone-subscribing households with regional telephone offices.

"Korea Telecom will not be allowed to charge more than it costs to lease the local networks to the new operators," said the ministry spokesman.

He said the basic connection cost will be scientifically calculated by dividing the non-traffic sensitive (NTS) cost and the traffic sensitive (TS) cost.

"Korea Telecom and aspiring users of KT's networks should settle all problems, such as type of connection switches and access routes, through faithful bilateral negotiations," the spokesman said.

To prevent any form of irregularities in the negotiation process, the revised regulations stipulated detailed obligations to be abided by the local-network owner, he said.

Dacom, which is scheduled to launch the nation's second long- distance service next year through KT's local networks, and other conglomerates preparing to enter cellular and international call service markets welcomed the ministry's new measures.

"The amendment is likely to drastically lighten the financial burden on the part of new entrants, like Dacom," said an industry analyst.

"Notably, however, the new entrants are also required to pay more, if operations of the local networks go into red figures," the analyst said.

The revised regulation, which will go into effect tomorrow, is designed to help promote the environment of fair competition in the wired and wireless communications service industry, the MIC spokesman said.

He introduced other major contents of the amendment.

New entrants will be exempted from parts of the access fee, if they fail to make operating profit for the first two years of service. They will also be allowed to install all the network connection points, as many as they see fit. Korea Telecom will be obliged to offer personal information on phone subscribers, such as home address, to the new entrants, when such a request is made.

The government will make sure that the start-up companies would not be discriminated against in obtaining the operator identification codes, he said.

Documents Related to Election Campaign Seized

SK2209075295 Seoul YONHAP in English 0637 GMT 22 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 22 (YONHAP) — Police, investigating Seoul's Nowon Ward head Choe Son-kil for alleged election law violations, seized Choe's financial records related to his election campaign at Rep. Yim Chae-chong's office in Nowon Ward on the northern outskirts of Seoul Friday morning.

The seizure was made after police had been issued a search warrant to inspect Rep. Yim's office and it was the first ever involving an opposition lawmaker's office in the course of investigating those accused of breaking the election law during the June local elections.

Police made the search for the documents at Rep. Yim's office, as Choe's secretary Yi Son-yong, 25, told police investigators that he had moved Choe's campaign-related documents to Rep. Yim's office on Wednesday afternoon when Choe was arrested.

Police are examining the records to find out where Choe spent the 1.5 billion won (about two million U.S. dollars) which he had received as part of the sales proceeds from land in Pongchon-tong, Kwanak Ward, in Southern Seoul which he sold earlier in the year, officials said.

In addition to Yi, Kwon Yong-myong, 48, general affairs division chief of the Nowon Ward Office, Kang Hyon-u, another of Choe's secretaries, and Yi Tae-sik, 30, Choe's driver, helped move the documents from Choe's office to Rep. Yim's.

Of these four, Kang was promoted from a grade-six secretary of Rep. Yim to a grade-five secretary after Choe was elected as Nowon Ward chief in June.

Police summoned Kang Thursday for questioning to determine whether he had notified Rep. Yim that Choe's documents were moved to his office, but he did not show up.

While examining 22 bank accounts owned by Choe's four family members, police found that Choe had withdrawn 5 million won in 50 100,000-won bearer checks from his accounts at Korea first bank in late March and that all these checks had returned to the bank between April 1-11.

Professors To Demand Indictment on Kwangju

SK2609131095 Seoul YONHAP in English 1159 GMT 26 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 26 (YONHAP) — Some 5,500 college professors across the country who in statements have demanded the indictment of those responsible for the brutal suppression of the Kwangju uprising of 1980 will form an organization to wage consistent activities to attain their goal.

A source at the Council of Professors for Democratization said Tuesday the professors from 91 universities and colleges will be organized into a "national signatory professors meeting" toward this weekend.

The meeting will launch positive publicity activities, which will include touring lectures across the country through October and November, and a series of forums and public hearings on the Kwangju incident until before the general elections slated for next April.

In addition, about 50 signatory law professors will file a petition with the Constitutional Court early next month against the prosecution's decision to drop the case on the ground that "no successful coup d'etat can be punished," etc., the source added.

Brunei, Malaysia & Singapore

Malaysia

Official Says Trade Deficit Not Worrisome

BK2709105295 Kuala Lumpur THE STAR in English 27 Sep 95

[Unattributed article — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — Finance Ministry Secretary-General Tan Sri Clifford F. Herbert has dispelled concerns over Malaysia's trade deficit, reiterating that the country was counting on its long-term capital financing.

He said investments were coming in at a "fairly rapid rate" and that the country was not into short-term but long-term financing.

"Trade deficit is a phenomenon of growth and is a temporary phase which countries have to go through.

"We are confident that we can address the situation," he said after delivering a speech at a Securities Commission seminar on securities lending and borrowing here yesterday.

Herbert said the Malaysian economy was not overheating but was growing in line with fundamentals.

He said Malaysia had attracted long-term capital investment and that was why the trade deficit situation was "not worrisome."

"Inflation is well under control and we are bringing it down through the budget to be announced by the finance minister," he said.

On investment returns in Malaysia, Herbert advised investors to have a long-term view of Malaysia's policies.

"Investors know us and our policies and we expect them to stay here to participate in the economy as partners of growth in the long term," he said.

"If they are here for short-term gains then they are being speculative and I don't think this is what we want."

Herbert said the government was concentrating on the services sector as one of the economy's potential growth sectors.

The manufacturing sector, he said, would still remain the main income earner.

In his speech earlier, Herbert said total funds raised from the capital markets in 1994 was RM [Malaysian ringgit] 35.2 billion, triple the 1993 figure. Of this, RM20 billion were debt securities.

He said that in 1992, funds raised from the capital markets exceeded net new loans extended by the banking sector.

"This is the first time such a phenomenon has happened and it clearly reflects the increasing importance of capital markets in mobilising funds for development," he said.

It is estimated that by 2000, at least RM380 billion in capital investment would come from the private sector and a considerable portion will be raised through the capital markets.

Herbert said the KLSE's [Kuala Lumpur Stock Exchange] market capitalisation stood at over RM550 billion at the end of last month, making it South-East Asia's largest stock exchange in terms of market capitalisation.

With a growing list comprising over 500 listed companies, the KLSE is among the top 15 stock markets in the world.

Mahathir Leaves for Visit to London, New York

BK2609114695 Kuala Lumpur NEW STRAITS TIMES in English 25 Sep 95 p 2

[Unattributed report]

[FBIS Transcribed Text] Kuala Lumpur, Sun — Datuk Sri Dr Mahathir Mohamed left here tonight for a week's visit to London and New York.

The prime minister will lead a Kuala Lumpur Stock Exchange (KESE) roadshow in the British capital beginning Tuesday.

During the two-day roadshow, Dr Mahathir is expected to meet foreign investors and clarify issues related to the national privatisation policy.

Other topics likely to be brought up are capital market issues on commission, economic factors such as inflation and other government policies.

Dr Mahathir will then leave for New York where he is due to address the United Nations General Assembly.

He will also visit Detroit, the heart of the U.S. automobile industry. The prime minister is expected to return to Kuala Lumpur on October 2.

Singapore

Minister Views Security Council Membership

BK2609122795 Singapore THE STRAITS TIMES in English 25 Sep 95 p 1

[Report by Felix Soh]

[FBIS Transcribed Excerpt] In a reflection of its more pro- active profile in the United Nations Singapore is playing an active role in discussions to reform the world body's Security Council.

"Our contribution has been to participate actively in the negotiations of the UN Working Group on Security Council Reform," said Minister for Foreign Affairs, Professor S. Jayakumar, in an interview with Singapore journalists on the occasion of the UN's 50th anniversary.

"In fact, our former ambassador to the UN, Mr. Chew Tai Soo, was one of the two vice-chairmen of the group," he added.

Reform of the UN, and in particular a revamp of the Security Council, is a major issue for the organisation and its members.

The council whose task is to maintain global peace and security, has five permanent members — China, France, Russia, the United Kingdom and the U.S. — and 10 non-permanent members. [passage omitted]

Said Prof. Jayakumar: "The difficult questions are: What is the nature of the restructuring? How many additional permanent and non-permanent members should there be?"

He added: "For our part, we have no strong views on the numbers. Obviously, it must not become an unwieldy number. We are more interested in the manner in which decisions are taken."

Singapore's contribution on this question has been, together with a few other countries, to emphasise that clear, objective criteria must be worked out for potential new members of the Security Council, he said.

The Republic has thrown up some ideas on possible factors in the criteria. Prof. Jayakumar elaborated: "If a country aspired to be an expanded permanent Security Council, we feel that the criteria should include its capacity to contribute equipment and personnel for meeting threats to international peace and security.

"We must also include willingness on the part of an aspiring member to shoulder its share of the expenses."

He pointed out: "If you are a permanent member of the Security Council, you have certain privileges and certain rights. But it must also be accompanied by responsibility. So we want the criteria to reflect both aspects."

On another major issue, the UN's financial crisis, he said: "It has a very real and serious financial crisis. It is on the verge of bankruptcy." The root cause was the failure of member states to honor their financial commitments, he said. On its part, Singapore pays its contributions fully and on time.

He said he felt there must be some system of penalty for those who do not pay. Asked about the kind of penalty being considered, he replied: "We have drawn up a suggestion that there should perhaps be an interest charge on late payments.

"We can study other options, but the point is that we don't have some sort of penalty, there is no real incentive for countries to continue to observe their charter commitments," he said.

FPDA Air Defense Exercise Begins 24 Sep

BK2609135495 Singapore THE STRAITS TIMES in English 25 Sep 95 p 36

[Unattributed report]

[FBIS Transcribed Text] Member countries of the Five Power Defence Arrangements (FPDA) are holding an air defence exercise over Malaysia and Singapore, code-named Major Adex, which started yesterday and will end on Friday.

It is conducted by Headquarters, Integrated Air Defence System, which comes under the control of Air Vice-Marshal Errol John McCormack and is located at the Royal Malaysian Air Force Base in Butterworth.

The exercise aims to allow the air defence forces of the member nations — Australia, Malaysia, New Zealand, Singapore and Britain — to work together in protecting the air space of Malaysia and Singapore against a simulated external air threat.

Aircraft taking part include F/A 18's from the Royal Australian Air Force, F5E's and Hawks from the Royal Malaysian Air Force, A4K's from the Royal New Zealand Air Force and F16 Fighting Falcons and A4 Super Skyhawks from the Republic of Singapore Air Force.

Ships from the five navies include frigates, offshore patrol vessels, missile corvettes and a destroyer.

Cambodia

Ieng Muli Discusses BLDP Rift, Future

BK2509151595 Phnom Penh PHNOM PENH POST in English 22 Sep-5 Oct 95 pp 8, 9

["Excerpted interview" with Information Minister Ieng Muli by Jason Barber; place and date not given — all ellipsis as published]

[FBIS Transcribed Text] **PHNOM PENH POST: Do you see any possibility of reconciliation with Son Sann?**

Muli: I think the door is still open for Samdech Son Sann and his group because we have to refer to the recommendation of the king that we should find a way to unite... and also for the respect of the memory of the late Meas Chanleap who sacrificed his life for the cause of BLDP [Buddhist Liberal Democratic Party]. We should make every effort to resolve the internal conflict, but I think the best way is to follow the rule of the party.

...... You remember when Mr. Chanleap died, the police found three letters. A fourth letter was left in his house and was found by his wife. Son Sann's group accused me of falsifying this letter. I say that they don't respect the memory of the dead. So I don't need to talk with them. If they don't believe the letter of Mr. Chan Leap, why (would) they come to talk, we don't need to talk. Then they organize their congress. I can tell you according to the rules, it is not legal because the congress does not have the approval of the majority of the [BLDP] Board of Directors.

POST: So you are not willing to talk?

Muli: No, I don't put it like that. I want to (talk), but the congress is not legal. The congress of Mr. Son Sann is not a practical way to settle this internal conflict...

But I believe we need to talk, in a small committee, and if there is a need to organize a congress, it must be in accordance with the rules of the party. If the Board of Directors decides OK, we have to hold a new congress with the participation of Son Sann, we can pick a date that the members can come. What I see now is that Mr. Son Sann, maybe not him but his representative, is manipulating the people. I can assure you that until now there is no (BLDP) provincial committee who have joined Mr. Son Sann as a whole. I can say that there may be ordinary people outside the party who may join his congress because when you call support from the poor people who need rice, who need money, people will come.

POST: People said the same thing about your own congress in July.

Muli: Yes, but they can say that all those people had a receipt that they paid 6,000 riels (party membership fee) to have the right to come.

POST: But people were seen to be given receipts without paying any money?

Muli: Sure, because we paid for them, if they wanted to come.

POST: Is that buying votes?

Muli: They are members, they are poor, we want to help them. We didn't give them money.

POST: You paid yourself, in effect?

Muli: Exactly, we didn't give rice to them. Son Sann gives rice to them to come (to his congress). I've done nothing bad. We paid them the right to participate in the congress because in the rules, if you don't pay for (party) membership, you cannot come. The Son Sann people pay them to come along. They are members, or they are not members, they don't care.

POST: The people you paid membership fees for were not all BLDP members?

Muli: Sure they are members. They have paid once, in 1992, but now if they want to come in 1995, it's a yearly fee... 6,000 riels. This is fair. Maybe I have paid more than others because my members, my supporters, are poor people. But they are my supporters, so I give them the money to pay to the party.

POST: Have some of the people who came to support you asked you for jobs in the government?

Muli: Well, this is natural. We have to be friends. When you help them to get jobs, they have to support you. I think they are members of the party, they have the right to come, so I can tell you that there are some people who come to support me because they recognize what I have done to get them jobs.

POST: Have you asked the chairman of the National Assembly to expel the BLDP MP's who support Son Sann?

Muli: Well, it is not a request. But according to the rule that everyone practices now, when you have some members of your party lose their membership, you have to inform the National Assembly. So I... sent a letter to inform that Mr. Son Sann and his group — Son Sann, his son (Son Soubert), Koem Sokha and Pol Ham — (have been expelled from the party). I haven't asked yet to remove them (from the National Assembly), but I informed that we have a list of new people who can replace those people.

POST: You believe that unless these four are reinstated to the party, they will lose their National Assembly seats?

Muli: That is what we have to do. If they want to stay, if they want to avoid any problem with their seats in the National Assembly, they have to come and negotiate for their membership of the party. I think this is what they ought to do, not to hold a congress.

Because, you know, it was not me who invented this rule. The expulsion of the member from the National Assembly does not come from Ieng Muli. It comes from other people, and it was agreed by Son Sann because he proposed to expel me from the party, and they link my case to Sam Rangsi. People like Koem Sokha say if you remove Sam Rangsi, you have to remove Ieng Muli also. So in this issue, it is only Rangsi who is opposing the dismissal of an MP from the National Assembly. Everyone in Cambodia now accepts this principle.

POST: On December 27, Son Sann issued an urgent appeal for "all powers necessary" to be given to the king to achieve national reconciliation. Were you told of the appeal before it was made?

Muli: He (Son Sann) is the man who never consults the party before he makes a big decision. Doing anything like that, he asked all members "I take a big decision, so you raise your hands to give me power" to do it.

POST: Did you agree with the sentiments expressed in the statement?

Muli: Well, we have to see how much we can get a consensus on this issue. Because in that case, we have to review the Constitution and the Constitution is the result of a very long debate and discussion at the National Assembly, and compromise also. I believe that if we get a majority in the National Assembly, like two-thirds, we can. But if we don't get two-thirds, there is no possibility... to revoke the clauses of the Constitution.

POST: Would you vote in favor of changing the Constitution to give more power to the king?

Muli: Well, I'm a man who has given my support for a constitutional democracy. I believe that the monarchy is only the skin of the regime, the face of the regime. What we want, what everyone needs, is the substance and the substance is the liberal democratic system, the pluralist system. This is what we agreed for the Constitution. If, of course, the situation becomes really unstable, there is a state of war, I think everyone has to agree to give all power to the king because he is the man who can unite all the people of Cambodia. But for the time being, it is too soon. We have only two years' experience of democracy, we have to see the result.

POST: Your position as minister of information was given to you by Funcinpec [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia]. Did you consider turning it down?

Muli: No, I think BLDP's objective is to help the country. It seemed that the country needed a neutral person in this place, so we can avoid confrontation between the two big parties.

POST: And the moment you became minister of information you considered your role was to work as part of the government rather than in an opposition party?

Muli: This was the clarification of the party line that I just drew up during the congress on July 9. We are part of the government, BLDP is part of the government. In this situation, you must be clear — you are in the government, or you are in the opposition. You cannot on one hand stay in the government, playing (a role in) government policy, and on the other hand do opposition work.

POST: Isn't that what BLDP has been doing, with you in this position and other MP's such as Koem Sokha and Son Chhai acting more like a traditional opposition in the National Assembly?

Muli: Exactly this way is what we do. We cannot on the one hand support the government which prepared the Constitution and on the other hand Mr. Son Sann acts to review the Constitution, to bring the Khmer Rouge back, etc [sentenced as published]. But the role of the MP is different. It does not mean that while your party is in the government, you must keep quiet in the National Assembly. If you want to help (draw up) good law, yes, you should do that.

POST: The co-prime ministers, particularly the second PM [prime minister], have supported you, rather than Son Sann, as BLDP leader. Why?

Muli: Because we have a common understanding on the Cambodia situation. We feel that Cambodia needs at least 10 years of peace and stability to rebuild the country, starting on the ground. Adoption of new law, reform of the administration, reform in the police, the army, the civil service, creating the environment to attract investors. If the leaders do not have this common understanding, and tell the people to attack each other, do you think we will have stability, do you think we'll have peace? If you ask the people whether they have to choose between peace, security, safety and a sort (of) freedom or liberal democracy, they search for peace, security, safety.

POST: Do you worry that your actions, though, could be seen as helping the government to silence opposition voices?

Muli: Well, opposition voices are not from BLDP. You cannot silence opposition from BLDP as a political party. But you can have MP's in BLDP who voice out their opinion to improve the law or the government's way.

POST: And it is some of those MP's who now face being expelled?

Muli: They have to choose. If they join us, they be in a government party coalition. If they stay out, they can form an opposition. Myself, I see the need of the country and also the party to strengthen ourselves. We need to be in the government.

Also, you have to be clear on your stand — whether you accept the result of the election and go through the process, and let the people who are elected (rule). Those who have to go again to the people (at the next general election) in 1998. What we must worry is that there will be no election. But until that day, for the time being, there is no risk that we won't agree to go to the election. So this is democracy — if the government does something wrong, they have to take responsibility in 1998.

POST: Do you see BLDP running in the election as an opposition party or as part of a government coalition running for re-election?

Muli: I agree in principle with Prince Ranariddh that we will form another coalition after 1998. But BLDP will compete in the election not as an opposition party, but as a different party. That means with a new proposal, a new idea, a new policy on how to improve the situation.

POST: Do you think the 1998 election will be delayed?

Muli: You know, from the government's side, our leaders believe that there is enough support for the government in the election. So they don't need to delay. Also, because of the decision to have local administration elections next year, this can also reinforce the idea of having a general election in 1998. And why I am convinced there will be an election is because the way I see the leaders of the parties, they are ready now. They start to campaign — you know, when you visit one place, you bring something for the people, you take care of the people. The second prime minister, he has his Krang Yov irrigation project. Samdech Krom Preah (Prince Ranariddh), he has many projects. So it's for the benefit of the people. I think it's better than pressuring the people by force.

POST: After the 1998 election, presuming a coalition government is formed, do you think there should be one PM, two PM's or three PM's?

Muli: We have this special two prime minister system because of the transitional provisions in the Constitution. And when the Constitution is fully implemented, then we end the transitional period (and) there must be only one prime minister.

POST: Will that be after the 1998 elections or later?

Muli: When we complete the transitional period. That means when the constitutional institutions are in place — the Constitutional Council, the electoral law, etc.

POST: And that should be?

Muli: I think before 1998.

POST: The first prime minister recently wrote that if a coalition government hadn't been formed after the 1993 election, Cambodia would have faced a return to civil war. Will it be the same situation after the 1998 election?

Muli: I think the situation is very different from 1993 because, as I just mentioned, there will be a local administration election in 1996 or early 1997. You will have a new local administration in the country, especially with chiefs of communes. At the same time, you will have people coming from BLDP, from Funcinpec, to be chiefs of districts. So the power is not only held by one party like in 1993. Also, because of the time. I think we have changed. Little by little the people respond. They cannot stay outside the rule of law. When you have a new local administration, when you have a good police, when you have a good judiciary system, I think there is no risk of a return to the one party, to the dictatorship.

POST: The first prime minister also wrote that the Western brand of democracy and freedom of the press is not applicable to Cambodia. Do you agree?

Muli: First you have to compare the situation before and after the election. How many newspapers you had before, how many newspapers you have now. Even with the criticism about the control of the press, they are still free. And then you have to see the reality. How many people read newspapers — a maximum of 100,000. Do you take care of the 100,000 or do you take care of the millions of other people, nine million? And what do they need, the nine million? I tell you again — peace, security, safety. So for me, as minister of information, I have to be responsible for the whole population. I have to do everything to allow my nine million to get news... on the other hand I have to take care of the journalists. First, I have to do everything to ensure that our journalists attain an international standard. If you write the truth, fair reporting, that's OK. But when there is no truth, no fair reporting, there will be a reaction from the reader or from the victim of the article, so there may be incidents.

POST: The new press law has provisions — but doesn't give definitions — of national security, political stability or humiliation of national institutions. How are journalists expected to know what is considered fair reporting?

Muli: Well, I have promised at the National Assembly that there will be a definition of national security, political stability, humiliation. I promised... there will be a sub-decree issued by the government with a clear definition. Second, there will be a Security Act to be passed by the National Assembly. On that day, there will be a debate and a full definition of national security, political stability and maybe humiliation, I'm not so sure about that.

But as I have already expressed in the National Assembly, national security is a very serious matter. You cannot use this just to arrest (journalists) or to shut down a newspaper.

Also, just to add to the statement of the first prime minister, Cambodia is quite different from the West. You don't have Pol Pot, you don't have the killing of intellectuals, you don't have the destruction of infrastructure. We do, and we are in the process of rebuilding. When the process is complete, we may compete with you over liberal democracy, over press freedom.

POST: By linking the press with Pol Pot, are you saying that to have an unrestrained press could help the Khmer Rouge?

Muli: No, I just want to tell you because of Pol Pot, we cannot come up to the same level as your country, your society. Because of the combination of war, of Pol Pot, we need to rebuild the country first, to build up the institutions first. Without institutions, you cannot establish gains.

POST: Does the press have a role in encouraging the government to build those institutions?

Muli: If they think they can help to rebuild society faster, they should do that. If they think that insulting the government is the way to help the government, it is also their right. But with the actual state of their country, I think the way our press is doing it just helps to divide. You create a gap between the leaders and the people, and then there is no unity.

POST: Can you promise that no journalist will be charged with affecting national security or political stability until there are clear definitions of them?

Muli: Well, practically, you have to refer to the (press law) debate in the National Assembly.... the definition of national security I have enumerated there already briefly, if you publish military secrets, if you endanger military operations, you incite war between neighboring countries, etc. For political stability, that means you incite the people not to respect law, to fight against the Constitution, to publish false information that leads to a devaluation of the riel, or to fight against the constitutional monarchy, something like that.

POST: Why could definitions not be put in the press law itself?

Muli: Because of the form of the law. We (follow) the French system of law. In the French system, there are no definitions. The French system allows the judge to interpret the law.

POST: It's widely believed that you wanted the political stability provision removed from the law. Were you entirely happy with the final law?

Muli: Well, of course political stability is not a legal term in the law. (But) I have to recognize that maybe it's a necessity that Cambodia have it for the time being. And I'm looking for a full definition of political stability so that there will be no abuse.

POST: You believe you can get enough support to include a clear definition in another law?

Muli: I think it will be the Security Act, it is natural to have a definition. If there is no definition of security in the Security Act... ridiculous. So this is also a reason why we don't put one in the press law, because we don't know what the experts will propose (for the Security Act).

POST: Journalists can now be charged under the press law, the UNTAC/SNC [UN Transitional Authority in Cambodia/Supreme National Council] criminal law, the SOC [State of Cambodia] press law and maybe sometime in the future the Security Act?

Muli: Journalists are covered by the press law in general. But a journalist is also a citizen, and a citizen is responsible before (other) law.

POST: The SOC law?

Muli: No, this law will replace the SOC law.

POST: Can a newspaper be closed down permanently under the press law?

Muli: It depends on the court, because there are no provisions on that. The court can suspend longer than 30 days, or less. There is no clear provision.

POST: A court recently ordered the KHMER IDEAL newspaper permanently closed under the SOC law, even though the newspaper was not charged under SOC law. Some have said that sentence was illegal?

Muli: I don't make any comment on the work of the court. What I can say is that at least the rule of law is shaping. I hope that... there will be a new generation of judges who can understand the law, and can understand their duty, and I hope their salary will be increased also, so we can get away from the problem we have now.

POST: Do you have a view on the complaint (filed by a government lawyer) against the PHNOM PENH POST?

Muli: Well, the PHNOM PENH POST (complaint is about) an old story published in March. So frankly, we already forgot this article. What I have heard from the first prime minister is that there is no need to continue the process, but there may also be the judge's system. When you file a complaint, they have to investigate, etc. But from the government's side, we don't see the obligation to continue the process.

Khmer Rouge 'Minister' on People's Struggle

BK2609055595 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 25 Sep 95

["News conference by Mak Ben, minister in charge of rural areas, agriculture, and water conservancy and representative of the Provisional Government of National Union and National Salvation," on 25 September; place not given — recorded]

[FBIS Translated Text] [Mak Ben] I would like to inform the respected compatriots about the meeting held by the cabinet of the Provisional Government of National Union and National Salvation [PGNUNS] on 25 September as follows:

On 25 September, the PGNUNS cabinet examined and discussed the struggle being waged by our nation and people in Phnom Penh together with all people throughout the country to salvage and safeguard our Cambodian nation, people, and race, thus keeping our Cambodia from extinction and becoming a second Kampuchea Kraom [ancient Cambodian territory lost to Vietnam in the 17th century].

The people in Phnom Penh from all social strata, students, pupils, journalists, civil servants, workers, traders, and politicians have launched activities arduously and persistently and struggled valiantly and relentlessly inside the lairs of the communist Vietnamese and the two-heads — out-and-out lackeys of the communist Vietnamese and alliance. This struggle is being launched side by side with the struggle of our people elsewhere throughout the country.

The flame of indignation nurtured by our students, pupils, masses, and people in Phnom Penh, which erupted into a mass demonstration on 20 December 1991, is still burning vigorously. Traces of blood shed by students and pupils in Phnom Penh can still be seen on all roads throughout Phnom Penh, remaining as proof of the crimes committed by the arch criminals who cracked down on the demonstrators. These arch criminals are:

1. Chief hoodlums Hun Sen and company — cat's-paws of the communist Vietnamese.

2. The communist Vietnamese secret police stationed in Phnom Penh to protect the communist Vietnamese puppets.

Currently, Hun Sen and his company are in great panic day and night. They have deployed the communist Vietnamese secret police in and around the compound of Hun Sen's house. They know very well that the entire nation and people hate them, are against them, and are looking only for a chance to attack them. They have drafted one fascist law after another to crack down on the journalists and the demonstrations staged by the masses. They have staged a farce of a coup d'etat and flex their muscles to threaten the people and masses in Phnom Penh. They have threatened to expel the politicians, members of parliament, members of the two-headed government, and members of the FUNCINPEC [National United Front for an Independent, Peaceful, and Cooperative Cambodia] and the Buddhist Liberal Democratic Party.

They assassinated journalists, lobbed bombs into the homes of journalists, cracked down on and arrested press editors, and shot dead members of parliament in the middle of the National Assembly, and so forth. They have constantly created an atmosphere of insecurity and terrorism in Phnom Penh in an attempt to threaten and crack down on the movement of the Phnom Penh people and masses.

However, the two-heads' fascist laws and acts can in no way crush the struggle of the Phnom Penh people. The more fascist they are, the angrier the people become. The people will then rise up to wage an even more vigorous and resolute struggle against them.

Many times they have assassinated, arrested, and detained journalists. But the newspapers have continued to carry articles exposing and condemning them in person. The masses, students, and pupils have continued to demonstrate in front of Hun Sen's residence and in front of the communist Vietnamese's puppet National Assembly. Since they could not stage a large-scale demonstration, the people have turned to stage small-size and medium-size demonstrations as well as covert and mobile demonstrations to express their indignation against Hun Sen and the two-heads. They have staged such demonstrations for a short while here and there. Traders have also demonstrated. The disabled and wounded soldiers in hospitals who have suffered from a shortage of medicine and food also demonstrated, as did the starving soldiers who have not been paid for months.

People in and around Phnom Penh, Stoeng Meanchey, O Bay K'am, Dangkao, Bek Chan, Kilo Lek Pram Muoy, and elsewhere, who have been victimized by the two-heads' fascist acts of killing, burning down houses, and land grabbing also staged demonstrations against them. The people in various provinces who have suffered from food shortages and who have been robbed of land and cattle also went to stage demonstrations in Phnom Penh.

Despite the fact that the two-heads have threatened to kill, suppress, and crush them, those involved in politics have continued their struggle. This is the roaring volcano that is about to erupt to crush the heads of arch traitorous Hun Sen and the two-heads. This is the reason why the two-heads are in a great panic and have become restless and agitated.

All these energetic movements are the consequence of the acute national and social conflicts, which are becoming even more critical.

First, the national conflicts have become even more acute due to the problem of communist Vietnamese continuing to kindle the war of aggression and occupation against Cambodia, nibble Cambodian territory, and annex tens of thousands of square-kilometers of Cambodian seas and islands; the problem of the 4 million-plus ethnic Vietnamese lording it over and occupying Cambodian territory; the problem of the communist Vietnamese war, which is continuing to burn and kill the Cambodian nation and people; the problem of the villainous Western alliance joining hands with the communist Vietnamese in fuelling communist Vietnam's war; the problem of the communist Vietnamese and the two-heads forcibly recruiting the people to serve as soldiers and militiamen and sending them to fight and die in their place in the destructive flames of communist Vietnam's war; the problem of the two-heads selling land, forests, and national property to foreign companies, allowing them to occupy Cambodian land, trample upon Cambodia's sovereignty, and eat the flesh and suck the blood of the Cambodian nation and people through the contracts for the sale of land for 70 to 90 years.

Second, the social conflicts have become even more acute due to the problem of people losing all their lands, farms, rivers, ponds, seas, streams, fish, and forests. They have nothing left for use to earn their living because the 4 million-plus ethnic Vietnamese and the communist Vietnamese puppet administrators have plundered everything. The people demanded the return of their lands and farms, but the communist Vietnamese puppet administrators and the two-heads bullied, cracked down on, arrested, detained, and killed them like beasts. These conflicts also involve the problem of famine and starvation; the problem of the arch corruption and the plundering and bleeding white of the nation and people by the communist Vietnamese puppet administrators from top to bottom, the communist Vietnamese, the ethnic Vietnamese, and the two-heads; the problem of a rotten society full of vice, gambling, prostitutes, and AIDS; the problem of the two-heads drafting more fascist laws and intensifying fascist acts, killing and depriving the people of their democratic rights and freedoms; and the problem of all sorts of taxes and self-appointed checkpoints to extort money from the people.

All these national and social conflicts are caused by the communist Vietnamese's strategy and acts of annexation against Cambodia. The communist Vietnamese, the alliance, and two-heads — nation-selling and arch corrupt traitors — think only of kindling the communist Vietnamese war, which imperils the survival of our entire Cambodian nation, people, and race. The enemy has scorched our nation and people. No Cambodian can bear it any longer. They have implemented fascist jungle laws and closed all doors to the national reconciliation and national accord. They have prevented our people from enjoying peace and security so as to be able to work and earn their living.

It is in this situation, in which the communist Vietnamese have rocked and tried to kill our Cambodia through their multifarious war of genocide and through the fascist regime of the two-heads, that the people in Phnom Penh have risen up to struggle valiantly and relentlessly. They would rather die than allow Cambodia to become a second Kampuchea Kraom. They have fought against the communist Vietnamese war and the 4 million-plus ethnic Vietnamese trying to dominate Cambodia. They have fought to end the communist Vietnamese war so as to achieve national reconciliation, national concord, national unity, peace, and genuine democratic rights and freedoms with national integrity. They do not want the nation-selling, arch corrupt traitors — out-and-out lackeys of the communist Vietnamese. They want a genuine national government made up of good nationalist politicians to jointly resolve the national and social problems and rebuild the country.

The struggle waged by the people in Phnom Penh constitutes an important muscle in the national salvation struggle of the entire Cambodian nation and people in the countryside, in rural areas, and inside and outside the country.

The National Union Party and the PGNUNS would like to express their respect for, commendation of, and firm support for the movement of the Phnom Penh people, who are launching valiant activities and struggling with a lofty sense of responsibility to jointly put an end to the communist Vietnamese war and to realize genuine national reconciliation, national accord, and peace within an independent, sovereign, peaceful, and neutral Cambodia, enjoying its territorial integrity and pursuing a multiparty liberal democratic system and a market system similar to that of ASEAN.

These are the main contents of the cabinet meeting on 25 September 1995.

[Correspondent] Thank you, Excellency. As the representative of the PGNUNS radio, I would ask the following question: You have talked about the all-round dictatorial and fascist acts of the communist Vietnamese and their puppets. In such a situation, how far has the United States' democracy developed? Could you please talk about this?

[Mak Ben] Both the Cambodians and foreigners have clearly seen that the communist Vietnamese and communist Vietnamese puppets have been 100 percent dictatorial and have monopolized everything. The administration, both military and civilian, belongs to the communist Vietnamese from top to bottom. It has been installed by communist Vietnamese aggressors since 1979.

Take a look at the legislative administration: the two-headed National Assembly belongs to the communist Vietnamese; the executive branch of the two-heads belongs to the communist Vietnamese; the military and police belong to the communist Vietnamese; the judicial branch belongs to the communist Vietnamese; and the provincial, district, commune, and village administrations have also been set up by the communist Vietnamese since 1979.

Given this situation in which the communist Vietnamese have totally monopolized everything, how can there be democracy, human rights, and the right of the Cambodian people to self-determination? These things do not exist. In addition, the communist Vietnamese have nibbled large pieces of Cambodian territory in the east. Over 4 million Vietnamese nationals have flowed into Cambodia like ants. This is nearly half of the entire Cambodian population. They have come to annex our territory and plunder everything: all the lands, farms, rivers, streams, rice, fish, meat, and natural resources belonging to our nation and people. Is that not an act of trampling on and killing our Cambodian territorial integrity? Is it not a violation and destruction of human rights and the Cambodian people's right to self-determination?

The communist Vietnamese, the alliance, and the two-heads have forcibly recruited our people to fight and die on their behalf in the war. They have created famine to starve the people throughout the country. The communist Vietnamese and communist Vietnamese puppet administrators have robbed our people of their lands and farms. Where are democratic rights and freedoms and human rights? There have been no such rights, none at all.

The two-heads — out-and-out lackeys of the communist Vietnamese — have drafted one fascist law after another to suppress the people and politicians under their bayonet. Where are human rights and democratic rights and freedoms? Nowhere. There are no human rights, no democratic rights, and no freedoms. There are only the fascist acts of the communist Vietnamese under their fascist regime that the people call the city of bandits.

All these events clearly attest that only by ending the communist Vietnamese war, achieving national reconciliation, national accord, and peace, and establishing a genuine national government can the Cambodian people really enjoy democratic rights and freedoms. Only when they enjoy genuine democratic rights and freedoms can the Cambodian people implement their right to self-determination within an independent, sovereign, and unified Cambodia enjoying its territorial integrity.

[Correspondent] Thank you, Excellency.

Rebel 'Communique' on Issue of Displaced People

BK2709044295 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 26 Sep 95

["Communique" issued by the spokesman for the Provisional Government of National Union and National Salvation of Cambodia on 26 September; place not given]

[FBIS Translated Text] I. According to a report from people in Phnom Penh, Hun Sen and the two-headed clique — the out-and-out lackeys of the communist Vietnamese — have committed fascist acts to suppress, arrest, detain, and bully displaced people and boys and girls — victims of the communist Vietnamese war of aggression and genocide — who have fled to Phnom Penh.

The report says they have placed these displaced people and boys and girls in camps surrounded by barbed wire near Phnom Penh. They have not given any food to these people. They have taken barbarous liberty with the girls and women like beasts, sold them to local brothels and to evil foreigners for export to brothels abroad, and even assassinated them.

II. The Provisional Government of National Union and National Salvation [PGNUNS] vehemently condemns the fascist, criminal, and barbarous acts that the traitor Hun Sen and the two-heads have been committing in Phnom Penh against these displaced people and boys and girls who are the victims of the communist Vietnamese war of aggression and genocide.

We call on the national and international communities to take a look and judge how fascist, barbarous, and evil the traitor Hun Sen and the two-heads have been toward the Cambodian people who are impoverished and homeless, lack food, and are drifting aimlessly and begging because of the communist Vietnamese war of massive destruction. They have placed these people and boys and girls in camps and bullied them like animals.

Meanwhile, the two-heads have ignored the more than 4 million Vietnamese who are everywhere in Phnom Penh and throughout the country; these Vietnamese are nibbling at Cambodian territory and creating insecurity throughout Phnom Penh. They have not arrested these Vietnamese bandits and land grabbers or put them in camps. On the contrary, they have enacted laws and done their best to protect the Vietnamese and open the border for more Vietnamese to flow into Cambodia.

III. Question: What is the root cause for the orphans and people roaming about and begging in Phnom Penh? The cause is:

1. The war of the communist Vietnamese, the alliance, and the two-heads. This war has caused an acute famine that has starved and killed people and brought about the forcible recruitment of people to fight and die on their behalf.

2. The arch corruption and traitorous and nation-selling acts of the one-eyed Hun Sen and his accomplices.

3. The 4 million-plus ethnic Vietnamese who are annexing Cambodia and grabbing our land, farms, ponds, streams, creeks, brooks, rivers, rice, fish, meat, and all aspects of our economy.

IV. The only solution to the problem of the orphans and displaced people in Phnom Penh who lack support, as well as all other social and national problems, is to end the communist Vietnamese war, achieve national reconciliation and peace, and have a genuine national government that really serves the interests of the nation and people.

26 September 1995

The PGNUNS spokesman

Indonesia

Diplomat: Asylum-Seekers Able To Go to Portugal

BK2709052695 Hong Kong AFP in English 0451 GMT 27 Jul 95

[FBIS Transcribed Text] Jakarta, Sept27 (AFP) — Five East Timorese who have holed up at the British embassy here will be able to leave for Portugal, which has offered them asylum, an embassy diplomat said Wednesday.

Second Secretary John Virgoe told AFP that British Foreign Minister Malcolm Rifkind had accepted Portugal's offer to grant asylum to the five and added that Jakarta had accepted the offer as well.

"We are in contact with various parties, and having discussions about the best way to get them (the Timorese) out," Virgoe said, adding that he had also spoken to the five and said "they are content and willing to go to Portugal."

Virgoe declined to speculate on when the five would leave for Portugal, saying that it was now only "a practical question."

Seven East Timorese who failed to gain political asylum at the Swedish and Finnish missions here in July 1993 were also allowed to leave for Portugal in December that year.

Twenty-nine East Timorese left for Portugal last November, several days after they climbed into the US embassy compound to demand asylum while a summit of the Asia-Pacific Economic Cooperation (APEC) forum was underway here.

The official ANTARA news agency Wednesday quoted foreign affairs spokesman Irawan Abidin as saying that the Portuguese government had expressed readiness to accept the five.

"In the next one or two days, it is certain that all will be settled," Abidin said, adding "let them leave."

The five youths — Joaquim Antonio Alim, 24, Antonio Batista Sequeira, 24, Egas Soares, 25, Nelson Turquel, 22, and Jose Fernandes Timoteo, 23 — walked into the embassy on Monday on the pretext of asking for information on Britain. Once inside they requested political asylum.

Virgoe declined to give details on the condition of the asylum- seekers at the embassy but said "they are being looked after."

The five say they fear persecution by the authorities for working in the East Timorese resistance, especially because of their membership in Clandestine, the pro-independence movement.

But the armed forces' chief of staff, Lieutenant General Suyono told Antara that the military "has never pursued them as they have told the foreign press... we have investigated the status @f the five youths and it appears that they were all jobless."

Suyono suggested the five may have taken part in a recent wave of unrest in East Timor that led to the burning of markets, houses, places of worship and vehicles in several towns in the troubled enclave.

"Maybe they took part (in the riots)... maybe because they are afraid, they ran away from East Timor and sought asylum," he said. The pro-independence movement has waed an armed campaign against Indonesia since Jakarta invaded the former Portuguese colony in 1975 and annexed it one year later. The United Nations still regards Lisbon as the administering power in East Timor.

Legislators Comment on Asylum Seekers

BK2709035495 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 27 Sep 95

[FBIS Translated Text] Members of the House of Representatives, or DPR, say the government should not make any attempt to obstruct the five East Timorese youths who have sought political asylum at the British Embassy in Jakarta. Speaking in separate interviews at the parliament building in Senayan, Jakarta, Abu Hasan Sazili, vice chairman of Parliamentary Commission I [Roman numeral one]; Zamharir, vice chairman of the Inter-Parliamentary Cooperation Committee; and PDI [Indonesian Democratic Party] adviser Sabam Sirait expressed the belief that the asylum seekers' presence in Indonesia will not make any difference. They consider these youths unpatriotic and irresponsible to the country and the people, particularly the East Timorese community. According to the DPR members, human rights issues occur not just in East Timor but in other countries as well.

Officers Comment on E. Timor Asylum Seekers

BK2709044095 Jakarta ANTARA in Indonesian 1747 GMT 26 Sep 95

[FBIS Translated Text] Jakarta, 26 Sep (ANTARA) — Lieutenant General Suyono, chief of the ABRI [Armed Forces of the Republic of Indonesia] General Staff, has stressed that ABRI is not concerned with the action taken by five East Timorese youths who sought political asylum at the British Embassy in Jakarta on Monday (25 September).

Responding to reporters' questions at the Indonesian Armed Forces Headquarters in Cilangkap, Jakarta on Tuesday, he said: "ABRI is not concerned with the attitude of the five East Timorese youths. After all, they are only 20 years old. It is possible they were born when the province had just been integrated. They do not know anything, and therefore there is nothing to be concerned about."

When contacted by ANTARA, Foreign Ministry spokesman Irawan Abidin said the Portuguese Government has expressed its willingness to accept the five East Timorese youths who are seeking political asylum at the British Embassy. The British have communicated with the Portuguese regarding the request submitted by the five youths.

The five youths who requested for political asylum are: Joaqim Alim (24), Nelson Turquel (22), Egas Soares (25), Antonio Sequira (24), and T.J. Timoteo (23). They entered the British Embassy under the pretext of obtaining information concerning educational facilities in Britain. After acquiring information from an information official, they said they did not want to leave the embassy premises and subsequently requested political asylum.

The ABRI chief of General Staff said the five youths, who fled from East Timor, may have been afraid because of their association with seven colleagues (who have been apprehended by the authorities) who were involved in the recent riots in Dili, during which a market in Comoro was razed. He added: "ABRI has not hounded them as they claimed to the foreign media. They felt guilty because we arrested seven of their leaders who were involved in torching the market in Dili. It is possible they were afraid. It is also possible that they fled East Timor and sought political asylum out of fear."

Brigadier Gen. Suwarno Adiwijoyo, chief of the ABRI Information Center, said the five East Timorese youths seeking political asylum at the British Embassy are among the unemployed in East Timor. He said: "We have conducted an investigation into their status. It is obvious they are unemployed. It is believed that they received funds from certain parties to carry out this cheap propaganda."

In connection with this case, the chief of the ABRI Information Center requested that the Indonesian mass media not play up the issue. This would enable their propaganda to succeed in attracting international attention.

Suharto Rejects Exaggeration of Timor Incidents

BK2709052195 Jakarta ANTARA in Indonesian 1156 GMT 26 Sep 95

[FBIS Translated Text] Jakarta, 26 Sep (ANTARA) — President Suharto has called on people not to exaggerate the recent incidents in East Timor because all sides will suffer if an early solution is not found.

"Another thing we must do is to remove the East Timorese people's suspicion toward us," said Julius Darmoatmojo Wympers, chairman of KWI [Indonesian Churches Conference], quoting the president as saying at Jakarta's Merdeka Palace on Tuesday.

Darmoatmojo, accompanied by KWI Secretary General M. Situmorang, paid a courtesy call on the president to report on the coming KWI annual congress in November. The two KWI leaders were also accompanied by KWI adviser Frans Seda.

The head of state said one of the problems in Indonesia's youngest province and former Portuguese colony is caused by dissatisfaction in the appointment of new civil servants there.

When he was asked on KWI's stand on the recent incidents in East Timor, Darmoatmojo said: "KWI regrets the incidents and hopes that they will not happen again."

However, the Catholic organization leader also said the incidents should serve as a lesson so they will not be repeated in the future.

Darmoatmojo noted that some people hold the erroneous view that the Catholic Church's duty is to solve various problems in East Timor.

"People tend to believe that East Timor's problems are the Catholic Church's problems. That view is erroneous even though the majority of East Timorese profess Catholicism," he said.

Asked on what he thinks of [East Timor] Bishop Belo, Darmoatmojo said Belo keeps regular contacts with KWI even though the Dili Diocese is under Vatican's direct jurisdiction. Bishop Belo regularly attends the KWI annual congress and if he cannot attend the congress, he will always send his representative. KWI also assigns its religious officials to work in East Timor while the Dili Diocese sends its personnel to study in various seminaries in Indonesia.

When Frans Seda was asked to confirm on Bishop Belo's remarks that East Timor should be turned into a "Catholic special region," he said it is impossible for Belo to have made such remarks.

"Belo supports East Timor's integration into Indonesia," said Frans Seda, who once served as communications minister. He believes that problems in East Timor are caused by wrong approaches on how to give substance to that province's integration into the unitary state of Republic of Indonesia.

Foreign Reserves Not Affected by Trade Deficit

BK2709050595 Jakarta THE JAKARTA POST in English 21 Sep 95 p 1

[Unattributed report]

[FBIS Transcribed Text] Jakarta (JP) — Bank Indonesia [central bank] Governor J. Sudrajad Djiwandono said yesterday that Indonesia's June trade deficit had not affected the country's foreign exchange reserves.

Sudrajad told a hearing with the House of Representatives' Commission VII which overseas trade, banking and finance, that exchange reserves held by Bank Indonesia had increased significantly over the past few months through banks' foreign exchange sales to the central bank.

He said that the trade deficit could be covered by the inflow of foreign capital, especially private capital. Therefore, the foreign exchange reserves of the central bank had not been affected.

Bank Indonesia's foreign exchange reserves stood at U.S. $14.29 billion as of last July, up from $13.88 billion in June $13.42 billion in May and $13.39 billion in April. But the reserves declined slightly to $14.26 billion (sufficient to finance imports for 4.56 months) in August.

Indonesia recorded a trade deficit of $204.9 million in June, the first in the past four years.

Meanwhile, Minister of Industry Tunky Ariwibowo told journalists after a hearing with the House's Investment, Manufacturing, Mines and Energy Commission yesterday that Indonesia should make all-out efforts to increase exports in order to cope with the trade deficit.

"We should first examine what were the main causes of the declining exports and of the increasing imports... so that we can take effective measures to deal with the trade deficit" Tunky said.

Sudrajad said that efforts to boost exports and reduce imports are important, not only to restore the trade balance to surplus, but also to reduce the current account deficit.

He said that during the current fiscal year, Indonesia's current account deficit may exceed the earlier estimate of U.S.$4.1 billion. The current account deficit last fiscal year was $3.4 billion.

Balance of payments

"However, our balance of payments is still in a safe position because, as I said, the deficit can be covered by the inflow of foreign capital, especially private capital," Sudrajad said.

He said that the current account deficit will be caused mainly by the deficit in the service account which is expected to reach a deficit of $12.4 billion, as compared with a deficit of $11.5 billion last fiscal year.

In pace with the rise in investment activities in Indonesia, Sudrajad said imports are projected to increase further this fiscal year to $37.1 billion, from $34.1 billion in the 1994/1995 fiscal year. Meanwhile, exports are expected to rise to $45.4 billion, up from $42.2 billion last fiscal year.

"The only way to reduce our current account deficit is by boosting our exports and restraining imports as well as reducing our deficit in services," Sudrajad said.

Sudrajad added that overseas borrowings by commercial banks had been kept within the limits set annually by the government.

In fiscal year 1992/1993, for example, the ceiling on overseas borrowings was set at U.S.$1.18 billion and the actual borrowings totaled $1.08 billion.

Between the 1993/1994 and the 1995/1996 fiscal year, the ceilings on overseas borrowings by commercial banks were set as follows: $1.33 billion (actually borrowed: $1.33 billion) in 1993/1994; $1.23 billion (actual $1.8 billion) in 1994/1995 and $1.27 billion in 1995/1996 (actual as of August $440 million).

Sudrajad added that, as a result of the improvement of Indonesia's credit rating in the international market from BBB- to BBB, the terms of loans obtained by Indonesian banks have also improved.

For example, the interest rates on overseas borrowings paid by Indonesian state banks in 1992/1993 floated at 1.5 percentage points above the London Inter-Bank Offered Rate (LIBOR). In 1995/1996 the interest rates declined to 0.9 percentage points above LIBOR.

The interest rates on borrowings by private banks floated at 2.5 percentage point above LIBOR in 1992-1993 but they decreased to 1.5 percentage point above LIBOR in 1995-1996.

Meanwhile, Hendrobudiyanto, a director of the central bank, disclosed yesterday that bad loans at Indonesia's commercial banks decreased slightly to 4.16 percent of outstanding credits as of last June, from 4.24 percent last April and 3.34 percent in December 1993.

According to the central bank's weekly report dated August 15, commercial banks' credits including foreign exchange credits, stood at Rp [rupiah] 207.2 trillion ($91.1 billion) as of last June.

Philippines

Canada To Continue Mediating in Spratlys Dispute

BK2709052895 Manila THE MANILA CHRONICLE in English 25 Sep 95 p 6

[Report by Anna Liza Guiwa]

[FBIS Transcribed Text] Canada will continue to act as intermediary between six claimant countries, including the Philippines, in finding a solution in the disputed South China Sea, Canadian Ambassador to the Philippines Stephen Heeney said.

Heeney told diplomatic reporters that his government would sponsor at a future date the next round of exploratory talks on the Spratly issue in Indonesia. The talks will be participated in by the six claimant states.

The Spratlys is being claimed in whole or in part by Malaysia, Brunei, Vietnam, Taiwan, China, and the Philippines. The archipelago is believed to be sitting atop rich oil and mineral reserves.

For several years now, the Canadian Government has been financing the Indonesia-hosted workshops, involving the freedom of navigation in the South China Sea, Heeney added.

"Canada is always in support of developmental projects in the South China Sea," said Heeney, adding that his country might forge a multilateral agreement in the archipelago between non-claimants such as Indonesia and Thailand.

The envoy said the Canadian Government is exerting its effort to promote a peaceful solution to the Spratlys dispute.

Foreign Minister Ali Alatas of Indonesia said during his previous visit to Manila that his government would sponsor sometime in October a series of workshops in Kalimantan among the Spratlys claimants "to create a better climate among them."

The Philippines and Vietnam would also hold high-level talks over Spratlys in the near future to discuss the possible joint exploration in the South China Sea archipelago.

Mindanao Forces Increased To Pursue Abu Sayyaf

BK2709061495 Manila MANILA STANDARD in English 23 Sep 95 p 2

[Report by Romle A. Evangelista]

[FBIS Transcribed Text] The military is beefing up its forces in Mindanao by sending more Army troops to the region to go after remnants of the dreaded Abu Sayyaf group which reportedly plans to launch more terroristic activities this month.

In spite of their brave words, the military has been unable to totally wipe out the outlawed band of former secessionist rebels.

The 300-man Army contingent which came from Ft. [Fort] Bonifacio flew Thursday night to Zamboanga City, the base of the AFP [Armed Forces of the Philippines] Southern Command from the Villamor Air Base in Pasay City.

The send-off ceremonies were led by Army chief, Lt. Gen. Orlando Soriano.

The 300-man force came from the 701st Infantry Battalion, 73rd Infantry Brigade, and the Alpha Battery of the Third Field Artillery Battalion.

The troops were transported to Villamor Air Base on board four six-by-six trucks with several 105-MM howitzers in tow.

According to Soriano, President Ramos has been irked by reports that the government's economic and infrastructure projects in Mindanao are being hampered by the atrocities being committed by the Abu Sayyaf in various parts of the region.

During the send-off ceremonies, Soriano gave each soldier a white holy rosary and asked them to always pray for the success of their mission.

Money Allocated for Air Facilities Improvement

BK2709092695 Manila MANILA STANDARD in English 23 Sep 95 p 6

[Report by Angie Rosales]

[FBIS Transcribed Text] The Overseas Economic Cooperation Fund (OECF) of Japan has earmarked some P [pesos] 1.5 billion for government assistance in upgrading facilities and equipment of four international airports and 25 other aerodomes.

The Department of Transportation and Communications (DOTC) said the equipment-upgrading project is part of the nationwide navigation facility modernization program of the Air Transportation Office (ATO).

ATO Assistant Secretary Panfilo Villaruel said the government counterpart fund for the program amounts to P178.729 million, putting the total funds to P1.725 billion.

Among the priority concerns under the program is the improvement of air traffic services at the Ninoy Aquino International Airport (NAIA) and the alternate international airports in Mactan, Cebu, Laoag, and Zamboanga.

Also included in the list are 25 aerodomes that have been targeted for modernization, DOTC Secretary Jesus B. Garcia, Jr. said.

These are located in Baguio, Cauayan (Isabela), Tuguegarao, Plaridel, Cabanatuan, Jomalig, Puerto Princesa, San Jose, Legaspi, Naga, Masbate, Bacolod, Iloilo, Roxas, Caticlan, Kalibo, Tagbilaran, Tacloban, Dipolog, Zamboanga, Cagayan de Oro, and Davao.

The airways facilities complex (AFC) in Manila, Tagaytay, and Mt. Majic in Cebu, which are considered vital for both communication and radar link-up, are also in the list, Villaruel said.

A three-man OECF flew in from Tokyo last May to seal the government's commitment to finance the project, the ATO chief said.

"Subsequent negotiations with their ATO counterparts resulted in the signing of the so-called minutes of discussion that finalized the project memorandum," he said.

"The project will reaffirm ATO's role as the sole government agency tasked not only in the enforcement of aviation regulations but also in ensuring aviation safety through the installation of new communications and navigational aid systems. Wornout equipment and facilities will also be replaced," he said.

Meeting To Defuse Tension in Government Projects

BK2709053995 Manila PHILIPPINE DAILY INQUIRER in English 23 Sep 95 p 16

[Report by Rolly A. San Juan]

[FBIS Transcribed Text] Zamboanga City — The Southern Command [Southcom] chief yesterday said the provincial peace and order council has decided to call a crucial meeting of top government and military officials to address delays in government projects caused by rebel harassment.

Maj. Gen. Ruperto Ambil, Jr., head of the Southcom, said the meeting was called amid continuing threats on government workers and military engineers working on several projects in Matanog, Mindanao.

Ambil said the decision was made during a conference at the 6th Infantry Division headquarters in Awang, Dinaig, Maguindanao Thursday morning.

The conference was attended by Gen. Arturo Enrile, armed forces chief of staff; Paul Dominguez, presidential assistant for Mindanao; Ambil; Brig. Gen. Raul Urgello, 6th infantry division commander; Zacaria Candao, Maguindanao governor; and the town mayors of Matanog, Barira, and Buldon.

Also present were commanders of the 301st, 603rd and 55th engineering brigades in charge of the construction of the road which passes through Matanog.

Ambil said the conference was called to defuse tension in the area following the deployment of MILF [Moro Islamic Liberation Front] forces in sites where soldier-engineers are constructing the road.

He said the MILF placed checkpoints along the road in violation of an understanding between government forces and Muslim rebels to avoid confrontation. The checkpoints were later reinforced by more MILF men, he added.

Work on the road stopped while soldiers and the rebels confronted each other.

It was agreed during the conference that the military will unilaterally withdraw tanks assigned in the area "as a gesture of good faith."

Candao, who also heads the peace and order council, and other officials of the Autonomous Region in Muslim Mindanao (ARMM) have agreed to meet with the MILF to convince them to move their forces away from the construction site to avoid any clash with the military engineers.

Candao and other town mayors in the area were asked to accompany the AFP [Armed Forces of the Philippines] engineers yesterday to the work site as a gesture of support to the government project.

Ambil said the consultative committee under the umbrella of the peace and order council will regularly meet with the military and MILF leaders to further discuss problems that could add more delays to the project.

Dominguez said the project should continue because it will benefit the people in the area.

Senator: Manila Major Exporter of Illegal Drugs

BK2509112295 Quezon City MALAYA in English 22 Sep 95 p 2

[Report by Regina Bengco]

[FBIS Transcribed Text] Sen. [Senator] Vicente Sotto III (Laban [People's Power]) yesterday said the Philippines is not just a major transshipment point in the illegal drug trade but also a major exporter of methamphetamine hydrochloride or shabu.

Sotto, during a privilege speech, said he was informed of the alarming development by a key member of Central Luzon's biggest shabu producer. The drug ring has a secret factory in Central Luzon.

Sotto, chair of the Senate committees on youth and local government, said the international drug syndicate's cook, who had churned 50 tons of shabu, sought his help after being marked for liquidation by the drug ring's boss.

He withheld the person's identity but said the man, who alleged that he was framed up for the murder of another Filipino drug ring member and blackmailed to do their bidding, has been placed under the protection of the PNP [Philippine National Police]-Criminal Investigation Command.

Sotto, co-chair of the National Citizens' Drugwatch movement, said the syndicate also has more than 50 tons of ephedrine, a precursor substance to the manufacturing of shabu, which is enough to produce 50 million grams of the drug.

He said about eight grams given to each of the country's 600,000 shabu users will drive them to the point of committing heinous crimes.

Thailand

New Army Chief, Secretary View Appointments

BK2709014695 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 26 Sep 95

[FBIS Translated Text] General Pramon Phalasin, army commander designate, expressed his gratitude over the royal appointment making him army commander-in-chief. He pledged to develop the army and not to create rifts.

[Begin recording] [Pramon] I have always tried to stay away from politics. Please do not ask many questions. [Laughs]

[Reporter] [Question indistinct]

[Pramon] No, it would not be hard. I have been a soldier all my life; I have only one more year left now. I have been assigned a variety of jobs; I have no worries.

[Reporter] Do you expect cooperation from your subordinates in the army during your term?

[Pramon] I believe that because my subordinates love the army as well. We have this in common — our love of the army. There should be no problem.

[Reporter] Will you be able to pull through the conflicts and unite the army?

[Pramon] Don't talk about conflicts yet. I do not have conflicts with anyone. I am willing to bow to any one of my seniors. We should love each other and be united. I would also like you reporters to contribute to unity. So please do not write anything that may create disunity. Be careful in writing. [end recording]

General Phaibun Emphan who has been appointed permanent secretary of the Defense Ministry, and not as army chief, says politics should not interfere with the military reshuffle. However, with the royal proclamation granted with the appointment, he vowed to do his best in performing his duty, and does not believe there will be a problem.

[Begin recording] [Phaibun] I will always respect him.

[Reporter] [Question indistinct]

[Phaibun] It is the army's position that politics should not interfere with the military. The appointments should be the responsibility of the armed forces. As a politician, one should limit one's role only to the matter of policy, but should not go that far in affecting changes even at the lower levels.

[Reporter] What would you do next?

[Phaibun] Well I don't know. He has the power and the responsibility. [end recording]

Government Accused of Meddling in Reshuffle

BK2709051895 Bangkok THE NATION in English 27 Sep 95 p A1, A3

[Unattributed report]

[FBIS Transcribed Text] A senior Army officer yesterday criticized the Banhan administration's handling of the annual military reshuffle list which he said had been tampered with by politicians.

Gen [General] Phaibun Emphan, who was named permanent secretary of the Defence Ministry in the official announcement yesterday, said politicians should not have interfered in the reassignment of officers as it was up to the military's top brass.

"It's up to those in power. If they think they've made the right decision then we must accept it (the reshuffle) now that the Royal appointment has been made," Phaibun said.

"We'll do our best whether we're happy with it or not. We'll keep (our feelings) inside."

Phaibun, formerly deputy Army commander, was tipped to become the Army commander-in-chief but Gen Pramon Phalasin, whose previous job was armed forces chief-of-staff, was promoted to the top job instead.

"Politicians should be involved only in policy matters. They should not have come on too strong, they should have not interfered too much in (the reshuffle list)," he said.

The military reshuffle goes into effect on Oct 1, the beginning of the 1996 fiscal year.

Current Army Commander-in-Chief Wimon Wongwanit, who retires on Sept 30, was believed to have named Phaibun as his successor in the original proposed reshuffle list he drew up.

But Defence Minister Chawalit Yongchaiyut apparently revised the list and named Pramon instead.

Annual military reshuffle lists are considered a sensitive issue that could affect a civilian government's stability. Most previous governments usually gave the military top brass a free hand and approved the reshuffle lists prepared by the chiefs of the armed forces.

Asked whether he considered his appointment as defence permanent secretary part of a move to purge military officers belonging to the Chunlachomklao Military Academy Class 5, Pramon [as published] said he did not think so.

"This should not be viewed as a purge, at least I was given a prestigious position. The permanent secretary is the highest ranked official in the Defence Ministry," Pramon [as published] said. "I don't want to sound like sour grapes."

Prime Minister Banhan Sinlapa-acha, asked about the alleged political interference in the military reshuffle, said: "I have no comment."

Banhan denied that he had changed the reshuffle [list] submitted to him by Chawalit, who in turn received it from outgoing Supreme Commander Watthanachai Wutthisiri.

"I didn't change anything. The secretary-general to the Cabinet is my witness," the prime minister said.

However, Banhan did not rule out the possibility that Gen Chawalit was responsible for the alterations made to the list. "I didn't ask Khun Chawalit about any changes made before the reshuffle list reached me."

The prime minister also would not comment on the criticism that Gen Wirot Saengsanit should not have been promoted as the supreme commander because of his involvement in the 1991 coup that toppled the Chatchai government and the bloody crackdown on pro-democracy movement in 1992.

"Everything came to me as it was. I didn't make any changes," Banhan said.

Wirot's promotion came as a surprise to political action groups and a large section of the public who did not expect any officer closely associated with the National Peacekeeping Council to ever make a comeback in the Army.

Asked whether he still had a good working relationship with the military, Banhan said: "We always get along fine. I always accept all the invitations from Gen Wimon to attend public functions."

Banhan said he had asked Chawalit to consider organizing a party among the military's top brass sometime next month which he would attend.

Meanwhile, Gen Pramon, the newly-appointed Army chief, said he had no comment about his appointment because: "I don't want to have a conflict with anyone."

"Don't attach too much importance to me. I don't want to call too much attention to myself. I want everyone (in the Army) to be like brothers," he said.

But he said he believed all Army officers would have no problem working together under his leadership.

Army Chief Vows Cooperation With Other Services

BK2709061095 Bangkok BANGKOK POST in English 27 Sep 95 p 2

[Unattributed report]

[FBIS Transcribed Text] The new army commander-in-chief is determined to bring the armed forces closer together by fostering a greater spirit of cooperation, a source said yesterday.

Gen [General] Pramon Phalasin made his intentions known to Deputy Permanent Secretary for Defence Wirot Saengsanit after the reshuffle list was announced yesterday.

Gen Wirot has been named supreme commander.

Gen Pramon told Gen Wirot that under his leadership the atmosphere of the Army would differ from what it has been under Wimon Wongwanit's command, the source said.

He would bring back unity to the armed forces. The Army would no longer distance itself.

Gen Wimon has reportedly been widely criticised for his policy of isolating the Army from the other armed services, and this has, according to some observers, caused a lack of cooperation.

Gen Wirot was said to have backed Gen Pramon's concerns.

Gen Pramon told reporters he was not apprehensive about taking up the post and would do his best to work in the best interests of the public.

He said he would be able to coordinate between the Army and the Supreme Command Headquarters, where he has been chief-of-staff for a year.

He declined to comment on the reshuffle for fear of being "misunderstood", but he asserted that all military personnel must follow the instructions of their superiors.

Originally, Gen Wimon had proposed his deputy, Gen Phaibun Emphan, to succeed him as army commander-in-chief.

Defence Minister Chawalit Yongchaiyut's alteration of the list reportedly made Gen Phaibun extremely upset.

In an earlier interview with the BANGKOK POST last week Gen Pramon admitted being approached by Gen Chawalit for the top post.

But he had told the minister he did not want this to cause him to be estranged from others or to make them believe he had lobbied for the position.

"I told Phi [Elder Brother] Jiew (Jiew is Gen Chawalit's nickname) that I would be more than happy to become supreme commander, a post in which I could work for the good of the armed forces," he said.

Editorial Calls Reshuffle 'Farcical Show'

BK2709092795 Bangkok THE NATION in English 27 Sep 95 p A4

[Editorial: "Why Make Promises If They Are to Be Broken?"]

[FBIS Transcribed Text] Farcical shows have never been in short supply since the Banhan government came to power two months ago. However, the latest one, which involves the annual military reshuffle, is extraordinary.

Promises after promises were made preceding yesterday's announcement. The people, the Banhan administration said, would not be disappointed with the final reshuffle list; that public feelings would be taken into account before the promotions; and that there would be "no problem". The pledges followed an outcry over an alleged plan to promote Lt Gen Chainarong Nunphakdi, who was criticized for his role in the 1992 bloody suppression of pro-democracy demonstrators.

The Chainarong controversy drew so much rhetoric from Prime Minister Banhan Sinlapa-acha and Defence Minister Chawalit Yongchaiyut that even staunch critics of this government raised their eyebrows. At last this administration had finally shown some guts, many thought.

The guarded optimism crumbled when the name of one man was confirmed in the reshuffle line-up — Gen Wirot Saengsanit as supreme commander.

The deputy permanent secretary for defence was closely associated with the National Peace-keeping Council [NPKC], the military junta that staged a coup in 1991 against the Chatchai government. If Banhan and Chawalit found Chainarong unacceptable, what does Wirot possess to enable him to escape political scrutiny?

Defying common sense

Considering Chawalit's past conflicts with the NPKC, Wirot's promotion seems to defy common sense. For those still searching for plausible explanations, there could be hidden clues indicating how the common interests of both could be served.

Retiring Army chief Wimon Wongwanit's choice of his successor, Gen Phaibun Emphan, was snubbed by Chawalit, who gave the key job to a close confidant, Gen Pramon Phalasin. This was another big surprise in the reshuffle.

Pundits say that Wirot's rise could be a Chawalit gamble to draw support from pro-NPKC elements in the military, thus cushioning the impact of crossing Wimon in the Phaibun-Pramon tussle.

Intertwining political and business interests should not also be ruled out. Both Chawalit and Wirot have been linked one way or another to the Charoen Phokkhaphan [CP] Group. When he was deputy communications minister in the NPKC-appointed Anan government, Wirot fiercely defended CP's stake in the three million telephone lines project. His campaign against then prime minister Anan Panyarachun's intention to drastically review the scheme to create greater transparency resulted in a compromise that allowed CP to retain a large portion of the cake.

Patronage politics

With its business empire outgrowing others in Thailand, CP has in the past few years seriously been building up political connections. Unlike certain groups like Chinnawat that have "direct representatives" in the political arena now, CP reportedly tries to catch up with rivals through its own patronage methods.

Rumours that Chawalit's New Aspiration Party [NAP] received funding totalling Bt [baht] 500 million from a business group may never be publicly confirmed. But NAP created much speculation when a man linked to CP, Sombat Uthaisang, became deputy communications minister under the NAP's quota.

Clues seem to point at various motives except the one for "public interest", which was championed fervently by Banhan and Chawalit. And their "no problem" pledge was in serious doubt yesterday with the visibly upset Phaibun openly criticizing what he suggested was blatant political intervention in military affairs.

During the Chuan government, politicians and soldiers seemed to have a considerable degree of mutual respect, without needing the weekly "coffee meeting" — an unusual tradition introduced by former prime minister Chatchai Chunhawan before the NPKC brought him down. Ironically, Banhan and Chawalit have revived the controversial get-together between government leaders and the top brass.

In toppling the Chatchai government, the NPKC invoked the same old pretexts: The government was corrupt, the military was interfered with, and the administration became too powerful to be ousted through parliamentary means.

Wimon, in his numerous farewell speeches, has repeatedly warned against dragging the military back into politics. Like most observers, the frustrated general, who should be credited for his unwavering pro-democracy stand all through his tenure, must have seen the worrying signs.

'Drastic Snub' of Military Seen in Reshuffle

BK2709093095 Bangkok THE NATION in English 27 Sep 95 p A2

["From The News Desk Comment" column by Kokhet Chanthaloetlak and Pridaphon Thinsakun]

[FBIS Transcribed Text] The military reshuffle list announced yesterday carries with it many political messages. First it confirms that Defence Minister Chawalit Yongchaiyut is flexing his muscles in territory he is familiar with.

Then it supports speculation that retiring Army chief Wimon Wongwanit did not actually have such strong backing as initially believed. And it shows the National Peace-keeping Council (NPKC) is not yet completely dead.

The military's initial plan saw deputy Army chief Phaibun Emphan as Wimon's successor, Armed Forces Chief of Staff Pramon Phalasin as supreme commander, and deputy defence permanent secretary Wirot Saengsanit as permanent secretary.

In the first drastic change initiated by politicians to the annual military reshuffle in 10 years, the final list named Pramon as the new Army chief, while Phaibun will become permanent secretary for defence and Wirot will rise to the post of supreme commander.

Military and political sources say Phaibun's "aggressive" character cost him the powerful post. His political remarks were said to have agitated the Banhan government, which currently has to battle the media and does not want to create another war front.

Some sources even linked Phaibun's fate to Army Chief of Staff Suthep Siwara, who has been retained in his post in this reshuffle. "It could be that this government was trying to send a message to the top brass that 'if you leave us alone, we will also leave you alone'," one source said.

Other observers do not totally agree. Chawalit, they say, wanted to promote his confidant, Pramon, and that was it. And as Wirot is linked to the remnants of the NPKC in the military, his promotion as supreme commander may draw the NPKC element to Chawalit's side and cushion the consequences of a confrontation with Wimon.

All speculation, however, seems to point to one thing: Wimon has been taken for granted by this government. One explanation for that is Wimon does not — or the Banhan government thinks he does not — have full command of the military.

"Such a drastic snub would not have occurred if the government had been worried about an uproar from Wimon's subordinates," one military source said.

Meanwhile, another former candidate for the post of Army chief, Gen [General] Chettha Thanacharo, will be promoted from assistant Army chief to deputy Army chief. This will pave the way for him to vie for the top Army post after Pramon retires.

Chettha has faced resistance because of his connections with the NPKC and the fact that he will retire only in 1998, a period considered too long if he now assumes the post of Army chief.

In the Air Force, ACM [Air Chief Marshal] Siriphong Thongyai will retain his seat despite rumours that a major government party wanted to get rid of him because of his links with its rivals. The Defence Ministry reportedly resisted the party's move, warning that Siriphong's removal could lead to a major political problem.

How the armed forces will react to this reshuffle remains to be seen. Phaibun created a stir yesterday by tacitly warning that the government was interfering too much in military affairs. And the rise of Wirot will probably create a new political storm for the administration.

Another message coming out of this reshuffle may be that Chawalit and the NPKC remnants could be coming to terms, although the defence minister and former NPKC leader Suchinda Khraprayun still look sternly at each other when they meet.

And it's too soon to say that Chawalit's clout will balloon following this reshuffle. The general is well-known for making major speculative political moves that turn out to be big mistakes.

Editorial Requests Achievements, Not Reshuffles

BK2709093195 Bangkok BANGKOK POST in English 27 Sep 95 p 4

[Editorial: "Cabinet Needs More Than Cosmetic Changes"]

[FBIS Transcribed Text] Speculation is rife that a mini-Cabinet reshuffle may take place, probably in mid-October when Parliament is due for a recess. The limited shake-up is reported to involve the interior portfolio with the likelihood that this position, currently held by Prime Minister Banhan Sinlapa-acha, will be handed over to Phalang Tham Party leader and Deputy Prime Minister Thaksin Chinnawat. Another

Cabinet post may also be created for the deputy foreign minister to alleviate the workload of Foreign Minister Kasemsamoson Kasemsi.

A change in the Cabinet is a normal phenomenon in a democratic system. It should not be viewed in a negative light or with unwarranted apprehension. A more important issue to be addressed is whether the reshuffle will lead to more efficient administration and improved performance.

The government of Prime Minister Banhan came into office with a sizable image problem because of the questionable credibility and qualifications of several ministers. This handicap has remained ever since the new Cabinet was sworn into office on July 20. If anything, it appears that the credibility problem has further worsened. A case in point is the heavy-handed removal of the EGAT [Electricity Generating Authority of Thailand] board by PM's Office Minister Rakkiat Sukthana — a miscalculated move which backfired and forced the Government to do an about-face. Moreover, the outrageous defiance and demands of the so-called Group 16 to be given the interior portfolio has increasingly portrayed the group as a bunch of power-hungry and self-seeking politicians.

A limited Cabinet shake-up by bringing in Mr Thaksin to fill Mr Banhan's shoes at the Interior Ministry will certainly ease the prime minister's workload and give him more time to concentrate on other more pressing problems. Given Mr Thaksin's impressive business success, he may be the best choice available although it is yet to be proven whether his business acumen and resourcefulness, business working approach and philosophy can be applied successfully in working with the traditionally conservative bureaucrats in the Interior Ministry.

What Mr Banhan can expect to deal with if he chooses Mr Thaksin is opposition, not only from his own rank and file, but also from his coalition partners, particularly the Prachakon Thai Party. Both Public Health Minister Sano Thianthong, currently the Chat Thai secretary-general, and deputy leader Watthana Atsawahem are known to have their eyes set on the portfolio. To expect them to remain silent and obedient is like denying a child a sweet and expecting him or her not to complain.

Making a few changes in the Cabinet is like applying a simple medication to treat a cancerous tumour which requires surgery or chemotherapy. The government's image problem is too big to be solved by simply putting Mr Thaksin at the Interior Ministry or juggling a few Cabinet posts. It requires a complete overhaul of the Cabinet — a feat which has been proven to be too politically risky to attempt.

The best guess is that speculation of a Cabinet reshuffle may be just a ploy to tame the Group 16 dissidents. Mr Banhan should know full well that he does not have complete control of his Chat Thai Party and, more importantly, is not ready yet to create another problem which will further jeopardise the shaky stability of his administration. In short, he lacks even the strong leadership to keep his own party in line.

Prime Minister Banhan has already disappointed many among us by his decision to include unqualified and questionable figures in his Cabinet. It remains to be seen whether and how he will redeem himself. At the very least, we have a right to expect more in the way of achievements from his government and less in the way of self-gratifying and totally negative bickering among ministers who have yet to show their worth.

Banhan: Drug Probe Not To Hurt Ties With U.S.

BK2709040995 Bangkok BANGKOK POST in English 27 Sep 95 p 10

[Unattributed report]

[FBIS Transcribed Text] The work of a drug inquiry committee chaired by former foreign minister Thanat Khoman will not hurt Thai-U.S. relations or damage Thailand, according to Prime Minister Banhan Sinlapa-acha.

He also distanced himself from an exchange of words between Mr Thanat and United States Charge d'Affaires Ralph Boyce, saying yesterday he had nothing to do with it and would not get involved.

Mr Thanat claimed after meeting Mr Boyce last Thursday that the American had admitted the embassy conspired with the Chuan Likphai government to raise drug allegations against Chat Thai deputy leader Watthana Atsawahem and adviser Narong Wongwan.

But the U.S. Embassy issued a statement saying Mr Thanat's claim was incorrect.

This prompted Mr Thanat to send a letter to the charge d'affaires on Monday. In the strongly-worded letter, of which copies were made available to the Press, Mr Thanat said the U.S. was blatantly interfering in Thailand's internal affairs by making unsubstantiated allegations against politicians.

Mr Banhan said he did not think the matter would escalate to the extent any damage was caused.

The work of the "public hearings committee" chaired by Mr Thanat and the issue of Thai-U.S. relations were different, Mr Banhan said.

In the face of allegations that the committee was intended to clear the two politicians the Government said it was designed to conduct investigations at the request of anyone who felt they had been unfairly accused of drug offences, especially by foreign countries.

Mr Banhan said neither Mr Watthana nor Mr Narong had submitted a request to the committee.

He said he would go to the U.S. next month to attend the United Nations General Assembly, but was not sure he would formally meet any leading U.S. figures.

Washington Bill Expected To Strain U.S. Ties

BK2709053695 Bangkok THE NATION in English 27 Sep 95 p A1, A3

[Report by Don Pathan and Marisa Chimprapha]

[FBIS Transcribed Text] Thai-U.S. relations are facing new difficulties as a United States joint House and Senate committee finalizes the 1996 foreign aid bill which proposes sanctions against Bangkok if it failed to provide humanitarian assistance to Burmese exiles and refugees.

An amendment containing a section calling for the sanctions was added to the Senate's 1996 Foreign Operations Appropriations Bill by the chairman of the Foreign Operations Sub-committee, Senator Mitch McConnell (Republican-Kentucky), late last week.

McConnell's amendment was countered by Sen William Cohen (Republican-Maine), who proposed an additional amendment which acknowledged and praised Thailand's policy towards Burma and Cambodia.

Cohen's amendment stated that the U.S. government acknowledged that Thailand has a policy in place not to support or cooperate with the Khmer Rouge and it called on President Bill Clinton to affirm the U.S. government's full support of that policy.

It also stated that Thailand had given refuge to large numbers of displaced persons from neighbouring countries, placing a great burden on the Thai economy.

Cohen's amendment encouraged the Thai government to prevent cooperation between individual members of the Thai military and the Khmer Rouge.

Although Cohen's amendment did not call for the removal of McConnell's amendment, which has the potential of straining Thai-U.S. diplomatic ties while the drug controversy involving top Thai politicians is yet to be settled, it is a means of countering McConnell's position on Thailand.

Both the Senate and the House have passed their respective versions of the bill which must now be sent to the joint committee for final adjustments.

The Senate approved its version of the bill late last week by an overwhelming 91-9 vote.

A final version of the bill will be sent to President Bill Clinton for signing before becoming law.

While the bill passed by the Senate contained both the McConnell and Cohen amendments, it is very likely that McConnell — as a member of the joint committee charged with screening the bill — will remove the Cohen amendment.

Cohen noted that last year's foreign operations appropriations bill, which placed conditions on the continuance of the International Military Education Training Programme (IMET), strained the Thai-U.S. relations.

Last year's bill required the U.S. secretary of state to submit a report to Congress on the Thai military's support of the Khmer Rouge and Bangkok's failure to support Burmese pro-democracy activists.

The bill drew strong criticism from Thai lawmakers, especially members of the House budget committee, which threatened to cut the Defence Ministry's budget support for the Joint U.S. Military Advisory Group (JUSMAG).

Cohen argued that the U.S. should not jeopardize its overall military ties with Thailand despite the fact that some Thai military personnel may be dealing with the Khmer Rouge.

He also said the requirement for the Secretary of State to submit a report to Congress on Thailand's efforts to deny support to Burmese exiles and refugees completely ignored the heavy burden the country had borne in providing assistance to Southeast Asian refugees.

Panel Disowns Thanat's Remarks Against U.S.

BK2709070895 Bangkok THE NATION in English 27 Sep 95 p A3

[Unattributed report]

[FBIS Transcribed Text] The spokesman for the government's commission of inquiry into drug allegations yesterday tried to distance the panel from the fiery anti-American rhetoric of its chairman, Thanat Khoman.

Thanat earlier wrote a vitriolic letter to United States Charge d'Affaires Ralph Boyce, which referred to the controversy over their meeting last Thursday. In the letter, he used terms like "unworthiness" "dishonourable" and "bullishness".

"The letter expressed his personal views," the spokesman Prasit Khowilaikun said.

"I don't know all of the facts, so I should avoid commenting on the matter. You should ask him directly."

After the meeting with Boyce, Thanat claimed the U.S. diplomat had admitted that the U.S. embassy had conspired with the Chuan Likphai government in raising drug charges against deputy Chat Thai leader Watthana Atsawahem to counter a noconfidence offensive by the then Chat Thai-led opposition.

The embassy has described Thanat's claims as "incorrect".

Prasit said that at the panel's first meeting last week, Thanat did not relate to other committee members anything of his meeting with the U.S. envoy.

Asked if Thanat was acting on behalf of the committee in attacking the U.S., Prasit said: "If the media and the public have closely monitored the committee, they would not criticize it. We have tried to do only the job we were assigned to do."

Meanwhile, the Democrat Party's lawyer Bandit Siriphan has told the party that it could not sue Thanat for slander, party secretary general Sanan Kachonprasat said yesterday.

Thanat recently alleged that certain Democrat members, "both father and son", were corrupt.

The Democrats were not the damaged party in this case, Sanan quoted the lawyer as saying. "So we will let Thanat continue talking," Sanan said.

Deputy Industry Minister Anuson Wongwan yesterday compared the Thanat committee to a life line extended to a drowning person.

Anuson is the son of Narong Wongwan, who was also denied a U.S. entry visa for alleged links to drug traffickers.

Report Previews Defense Minister's Cambodia Trip

BK2709092095 Bangkok THE NATION in English 27 Sep 95 p A5

[Report by Marisa Chimprapha]

[FBIS Transcribed Text] The visit of Defence Minister Gen Chawalit Yongchaiyut to Phnom Penh this week takes place when relations between Thailand and Cambodia could be considered as satisfactory after a lengthy period of tension during the previous few years.

Chawalit's two-day visit, starting on Friday, comes less than a month after the official visit of Foreign Minister Kasemsamoson Kasemsi, who chose Phnom Penh for his first foreign trip.

During Kasemsamoson's visit there was a noticeable improvement in bilateral relations although no agreements were actually signed. Judging from the well-prepared reception by the government and the dinner given in honour of Kasemsamoson and his delegation by Cambodia's King Norodom Sihanouk, it could be seen how the relationship between the two countries had improved.

The two countries have been locked in a series of conflicts, notably over the past two years, beginning with Thailand's involvement in the failed coup in Cambodia last year and followed by the mass murder, this year, of 22 Thai loggers in Cambodia's Preah Vihear province which was still remains unsolved.

At the time, each country hurled verbal attacks at each other repeatedly. Cambodia usually raised allegation against Thailand for aiding the Khmer Rouge whenever the guerrilla group became an issue. Bangkok has never hesitated in claiming credit for helping bring Cambodia on track to democracy.

Chawalit's visit is timed "to strike while the iron is hot", as Kasemsamoson's trip was seen as a success and reflected unexpected improvements in the bilateral relationships.

The visit is to emphasize the importance and goodwill Thailand wants to show its neighbouring countries. For Chawalit, Cambodia will be the second country, after Burma, he has visited after being appointed defence minister in the coalition government of Banhan Sinlapa-acha.

Chawalit, leader of New Aspiration Party [NAP], and his family are known to have close connections with Cambodia's leading figures and most NAP MPs represent the border provinces.

The highlight of Gen Chawalit's trip is expected to be when he co-signs a joint agreement on the establishment of the Thai-Cambodia General Border Committee (RBC) [acronym as published] during his two-day visit.

The RBC will be a supervisory body for the existing local border groups which have repeatedly been engaged in solving border conflicts, including cross-border robberies.

The Cambodian government has placed importance on the agreement which will be co-signed by its Co-Defence Ministers Gen Tie Banh and Gen Tea Chamrat, as it views that the committee, at a national level, would help eradicate any misunderstanding concerning bilateral border disputes.

The RBC will comprise of three levels of subcommittees, to be chaired by respective defence ministers, supreme commanders and region commanders.

The setting up of the committee was agreed upon during the first Thai-Cambodia Commission chaired by the then Foreign Minister Krasae Chanawong and his Cambodian counterpart Ing Huot in Phnom Penh early this year.

The Thai Cabinet yesterday endorsed the finalized version of the draft agreement after both countries' officials concerned reached an agreement on the wording.

Also expected to be discussed during Chawalit's visit was Cambodia's delay in dispatching its military attache to Bangkok, while the Thai military attache, Col Nopphadon Ratchatanawin, has already been working in Phnom Penh for a few months.

During the visit, Cambodia's co-defence ministers will host a reception for Chawalit, and the deputy prime minister will pay a courtesy call on First Prime Minister Prince Norodom Ranariddh and Second Premier Hun Sen.

Khun Sa Switching From Heroin to Amphetamines

BK2509044895 Bangkok BANGKOK POST in English 25 Sep 95 p 1

[Unattributed report]

[FBIS Transcribed Text] Antinarcotics authorities accuse drugs warlord Khun Sa of switching from heroin production to amphetamine for sale on the Thai black market.

Because heroin trade in the Golden Triangle has been suppressed, Khun Sa has hired Thais to teach his people to produce amphetamines, Narcotics Suppression Office commissioner Pol [Police] Lt-Gen Somchai Milintharangkun said yesterday.

The pills are easier to make and to sell than heroin.

"We have arrested one of these Thais. He told us Khun Sa would pay him 200,000 baht each time he goes up to teach them," Pol Lt-Gen Somchai said, declining to give further details other than to say the man is being prosecuted in Thailand.

Pol Lt-Gen Somchai said the authorities were worried because pills were easier to smuggle onto the Thai market.

"We make amphetamine arrests in the Central and Northern regions every day. Most of the arrests are in the North and the pills were smuggled into Thailand."

Narcotics police nationwide recently completed training in drug suppression techniques and this had resulted in more arrests.

They were working with counterparts in Malaysia, Burma, Laos and China to crack down on the import of chemicals used in drugs production.

Cooperation with Cambodia and Vietnam would begin when those two countries were ready, he said.

Pol Lt-Col Wirasak Minawanit, who heads an amphetamine and inhalants suppression unit, said that apart from Khun Sa's army, minority groups in Burma such as the Haw Chinese and the Red Wa had turned to producing amphetamines for sale in Thailand.

"The Burmese minority groups see that amphetamines are easier to make, easier to sell and they get the money more quickly.

"They sell them to distributors at border areas and police are able to arrest only these agents, not the producers over the border," said Pol Lt-Col Wirasak, deputy superintendent of the Crime Suppression Division's Second Sub-division.

Taiwanese and Hong Kong traffickers and chemists produce a concentrated form of the drug on the outskirts of Bangkok.

They hand this concentrate to Thai producers who use it to make amphetamines. They also sell their know-how to Burmese minority groups, according to police.

The involvement of Burmese minority groups and foreign chemists has resulted in amphetamines taking two new forms — smokable and injectable — in addition to the traditional pill.

The pills cost about five baht each to make. They are sold to distributors for 20-30 baht each and then resold for 80-100 baht. The price recently hit 200 baht per pill, depending on the brand.

Pol Lt-Col Wirasak said the popularity of amphetamines had spread from labourers and truck drivers to the public.

Offshore Banks Allowed To Seek Branch Status

BK2709052495 Bangkok BANGKOK POST in English 27 Sep 95 p 30

[Unattributed report]

[FBIS Transcribed Text] Offshore banking units operating in Thailand can apply to be upgraded to full branches after October 1.

The Cabinet approved the Finance Ministry's proposal yesterday, said Finance Minister Surakiat Sathianthai.

Applicants are required to have at least two billion baht in capital within a year of becoming full branches. Initially, they must have one billion baht of this amount on hand.

The upgrading means the branches will be able to operate like Thai commercial banks, offering a full range of services.

A committee screening the applications will be chaired by Bank of Thailand governor Wichit Suphinit and Fiscal Policy Office director- general Somchai Ruchuphan.

Mr Surakiat said screening to start in January would follow procedures set by the previous government and the result could be known in April.

Only banks from countries that subscribe to Most Favoured Nation [MFN] principles are eligible for upgrading to full offshore branches.

Mr Surakiat said Bangkok International Banking Facilities operated by U.S. banks could be upgraded to full branches, although the United States did not subscribe to MFN rules under the General Agreement on Trade in Services. Details would be sorted out later.

The central bank source said if U.S. banks wanted full branches in Thailand, the U.S. Government would have to negotiate a reciprocal deal with Thailand.

It was too early to say the MFN issue would bar U.S. banks from upgrading their BIBFs to full branches as other elements were involved, the source said.

U.S. banks operating offshore services in Thailand are American Express Bank, Bank of New York, and Bankers Trust.

Japan, Singapore, Canada and Switzerland have signalled they are willing to liberalise their financial services and are therefore eligible to have their bank services upgraded to full branches.

Twenty-two foreign banks provide offshore services in Thailand. Of these, Japan has six, the U.S. three, Singapore three, France two and Germany, the Netherlands, South Korea and Canada one each.

The Japanese are most active in offering offshore services. Sanwa, Sumitomo and Dai-Ichi Kangyo banks are front-runners.

Among European banks, Societe Generale, BIBF, and Banque Nationale de Paris have the highest lending volumes, according to the source.

In terms of cooperation with the authorities, Dresdner Bank AG of Germany is likely to be upgraded as it has the only office that functions as a facility agent in providing syndicated loans.

Overseas Union Bank and United Overseas Bank of Singapore are about equal in providing services.

Sumitomo Bank president Toshizo Tanaka said his bank was interested in having a full-branch licence.

Wiwat Wethayanukun, vice president of ING bank, said the two-billion-baht capital requirement was too high when compared with that required elsewhere in ASEAN.

Funds had to be brought in to set up a branch and it was difficult to double the amount in one year owing to the size of business in Thailand, he said.

Central Bank Governor Discusses Finance Policy

95SE0179A Bangkok THAN SETTHAKIT in Thai 5-8 Aug 95 pp 10,11

[Interview with Central Bank Governor Wichit Suphinit by an unidentified correspondent; place and date not given]

[FBIS Translated Text] Wichit Suphinit, the governor of the Bank of Thailand (ThPTh.) assumed this position in 1990, a transition period as the Thai financial system entered a period of financial freedom in deference to world trends. As a result he took on a difficult role in controlling financial institutions and maintaining the economic stability of the country amidst world financial fluctuations. And after the establishment of the new government under the leadership of the Thai Nation Party, the many financial and fiscal policies which Dr Surakiat Sathianthai, the new Minister of Finance, announced to the National Assembly were an important responsibility for the Bank of Thailand as the primary institution responding to these financial policies and measures. Mr Wichit Suphinit, the governor of the Bank of Thailand gave a special interview to THAN SETTHAKIT concerning the direction of the Bank of Thailand under the new government as follows:

The first issue and that which business circles and people in general wanted to learn was whether the new Minister of Finance would have any special policies.

In this regard Mr Wichit said that there was not much to go on. The minister had just stressed two to three matters. He certainly wanted financial and fiscal discipline in general because he felt that Thailand was in an important location and had both a market and stocks to develope the economy. But if we invested little and had a small market, it would quickly stagnate. And then if we grew at this rate of 8 to 9 percent per year and exported 24 to 25 percent per year, in a short time our productivity and competitiveness would end. We depended on finding markets, the markets we had required more investment, and the domestic market was an important one. We now exported 35 percent of all our exports to the Asia-Pacific region not including Japan. The rate of increase in the first half of this year had been 44 percent. Therefore the rate of increase of our exports to the Asia-Pacific region had grown the fastest, and this region would replace primary markets such as America with 21 percent, Japan with 17 to 18 percent and the EC with 15 percent. Regional policy would link the financial systems, which would help encourage the regional financial system, expand its area and expand the financial markets, and it would also provide greater control over demand in the region, expand the trade system especially with regard to customs, and would expand the infrastructure which would create more of an infrastructure for exports and services.

Therefore what the minister said was to look ahead. In particular in the eighth plan for developing the national economy and society we would proceed to the next decade. As for the direction taken by the minister, in addition to looking after an important need for the country, namely stability, which every government must do, he would have to take responsibility for the well-being of the country. He had emphasized clearly in this regard that expenditures could not increase outside the framework of a balanced budget.

The second matter concerned the role of stocks in development. The third matter involved what we would have to do as we entered the next century. What was important was our growth. All economists were asking how long it would last and when it would stagnate. We still had many weak points. We lacked infrastructure. We lacked human resources. And we lacked technical expertise of which we needed to import a great deal more. In fact our system for administering the country might have more weaknesses than that of Malaysia or Singapore because our system was rather diverse, was not unified, and was undergoing more change than those of neighboring countries. Therefore the problem of our ability to maintain growth in the future was on the minds of every person, investor and planner, and it was necessary to examine this problem.

The policy of the Ministry of Finance for eliminating or reducing the tax on interest from deposits had been commented on a great deal because some agreed with it but some felt that it would not serve to maintain financial and fiscal discipline. With regard to this issue Mr Wichit pointed out that the rules involved had been considered for some time. Initially the rule was that for interest of 20,000 baht or deposits of 400,000 to 500,000 baht taxes were to be paid. He did not feel that this was too much money. We had to look at the figures again to see how much tax was paid on 3 billion to 5 billion baht and how strictly the definition was interpreted as to how many accounts could be included in the 400,000 to 500,000 baht. And we had to consider whether everyone had to ask for an exemption or not. In the past no one or very few had asked. At this point we needed to consider this. The present system did not have any data on how many asked. What would the system we created do. Would the system permit it or not. If we did not permit it, we would have to look at the reports again. All this depended on the definitions and the final plan.

This measure would help in the area of savings because it would provide a reward: this year people would be able to see clearly how good interest and savings were. For half the year deposits had increased to 19 percent, and in the past they had not reached 14 percent. And although at the beginning of this year the financial situation was very tense, savings increased a great deal. This was also the result of favorable interest rates and a low inflation rate. Therefore the focus of the Bank of Thailand would be on the interest rate for deposits. If the return was good and inflation was moderate, this would protect those who knew nothing about saving so that they could depend on the banks. Those in government service or those in business who were ordinary people and did not own enterprises generally did not have any other way of saving except making deposits. This policy would influence those making deposits - you could see that every time interest increased, deposits increased also.

As for whether the interest rate on savings being lower than the inflation rate would affect savings or not, it would have the effect of increasing transfers to regular accounts because in reality savings deposits had a problem inasmuch as in essence they were not savings but just a type of demand account which could be withdrawn anytime. Consequently it would be difficult to contradict them (meaning the commercial banks) with regard to administered capital, which was rising. It was a matter of the market setting the rates. If in a little while there were large transfers to regular deposits, there would probably be a downward adjustment in savings. The financial markets worked like that. If we opposed or resisted market trends, it would make it difficult for the market mechanism to work. If the people wanted high interest, there were ways to achieve it.

There was no legal power to force banks to raise interest rates. In the past this could be done by setting a ceiling, but the old methods were not very convenient, and letting interest rates float was appropriate for every situation. If the Central Bank got involved in lowering or raising ceilings, according to the law it would have to ask permission from the Ministry of Finance each time. The laws covering commercial banking were not as up-to-date as they should be. Whenever one recommended changing this, it always ended up in the assembly. The last time some bank heads were senators, and they supported the politicians. This time the political power had flowed more to various big businesses, and changing the law might be easier than in the past. In the past the banks were the primary businesses in the Thai economy. Businessmen set up a great many banks. They were interconnected. Some banks had ministers on their boards. Some had the Minister of Finance on their board or the Deputy Prime Minister as the chairman of their board. It was very strange. Now they could not do this because the law prevented politicians from doing it. So now the situation was improved with regard to reform. It was just that sometimes there were other urgent things to do. The Central Bank had made many attempts at reform since 1983. In 1988-1989 they had the matter of securities and the Securities and Exchange Commission (K.L.T.) to handle before they could do this. They would have to deal with it later on.

As to whether reducing the tax on interest from deposits would affect expenditures and fiscal discipline, he did not think it would. In general this could be adjusted, and in fact, the tax collectors insisted that they could collect whatever taxes were wanted. They just needed to be given the tools, personnel, computers, and budget. With the present personnel and tools the goal could be reached, but it would be difficult. With regard to taxes he was not worried because with an economy which was growing like this, it was fairly easy to collect taxes. For example the value added tax in this half year had increased 20 percent percent over last year, and the whole year would be 24 percent ahead. This was two times the cash income of the country. And one had to admit that the tax collected by a bank was a redundant tax. We paid a tax on income (individual and legal entities) and when we deposited the money in a bank we had to pay again. In similar fashion the people who had a pension had already paid a tax and when they withdraw from their pension, they had to pay again.

Taxes should be used as financial and economic tools. It was true that taxation involved fairness, but in a country such as ours taxation had to be used as an economic tool. In the past taxation was used as a tool to encourage investment and encourage the agricultural sector (which paid no taxes). Now it was savings which had to be cared for so that they would be attractive. It was the basic policy of the country to use every tool at hand, so taxes had to be lowered sometimes. They agreed that the goal of taxation was to collect money, but with an economy growing like this, a great deal more could be collected than was needed. It was just that, although using these tools to collect money was fine, if changes were to be made, there were those who avoided paying taxes and there should be tools to allow these taxes to be collected. It was clear that the taxes which supported the country were the income taxes. Therefore if the deposit tax was reduced, the funds could be replaced. If this tax were reduced, it would make the system more solid, and the results would probably be better.

Improvements had to be made because now that ordinary individuals as well as companies had high incomes, it was clear that business sector saving was higher than household sector saving. The business sector received only 8 percent of the income of the nation, but its savings made up 13 percent of all savings while government and government enterprises made up about 12 percent of savings. Therefore the business sector had a great deal more savings on which taxes had not been paid.

This brought us to the question of increasing the budget for 1996 and whether, considering the state of the Thai economy, it would be appropriate to have an unbalanced budget. The Central Bank Governor said that it would definitely not be appropriate because it would force up the rate of economic expansion until we had a situation where everyone was worried about stability, inflation and the current account imbalance. Therefore there had to be financial and fiscal restraint for many more years until the year 2000. These might even be needed in the next century because if we intended to invest like this and save like this, we would have a constant problem.

Creating a budget should not be a problem because it has clearly been said that the 1996 budget had to be in balance as it was before. It was just that now there was a question of whether it would differ from the old one inasmuch as the old one was done after the second quarter when the figures were not good. Now there was a new income estimate, and therefore there would probably be a change in that direction. No matter what happened, the expenditures would have to be allowed. In particular the new government would have to be sympathetic toward investment because lagging investment could cause many problems. There could be political problems and a problem of lack of economic growth. Now the people were demanding various projects which clearly had to be done. If they were not done, there would be political and economic losses. Therefore they were definitely necessary. It was just a question of whether they would be included in the budget framework discussed, namely, a balanced budget. This would probably not affect stability as the new Minister of Finance had stressed this point.

The primary goal was to prevent inflation, therefore a moderate policy with financial and fiscal discipline was needed. Without this it would be impossible because if there were inflation, everything we had built would collapse. It would be like an investment in an ordinary business — if we made the investment and could not sell, then the debt would increase and the interest would increase until the point when it would collapse. There could be no inflation. If there were inflation, we would not be able to sell. If we had already made the investment, we would have to pay back for many years. It was not that we were just thinking of the future. The Thai economy was experiencing the most rapid growth in this area of the world. China had already experienced a decline down to about 10 percent with inflation of 17 to 18 percent. Singapore had declined somewhat. These three countries were very close. Indonesia was at 7 percent, but its inflation was very high.

Previously it was estimated that the Thai current account imbalance would be down to 2 percent in the year 2000. Now this might have to be extended. It might be down to 3.5 percent to 3.6 percent in the year 2000 because two things had happened. The first was that there had been a problem with the exchange rate. The dollar had been weak, and the baht had been weak against the mark and yen. Therefore capital exports had risen about 5 percent a year. Second, we needed to develope high-tech industrial production. It was clear what was happening - Japan was transferring its third wave investment. He thought we needed to invest much more and develope industry using advanced technology to rival China, Vietnam and India. We needed to invest quickly. If we did not, we would not be able to compete.

[THAN SETTHAKIT] It would appear that officials have not been able to control inflation this year. What will you do if it breaks through the ceiling (5 percent) a great deal?

[Wichit] This is primarily because the prices for agricultural products have been better than forcasted. The real prices of agricultural products in the world market have been down since the middle of last year, but the prices in the Thai market are still good even though the price for rice is down somewhat from last year. Vietnam and China have production problems. Rubber is still good. Almost all agricultural products are good. This passes through to the price of food. I think you have to accept this because the agricultural sector grew faster this year than last. Last year it grew 3.6 percent, and this year it grew over 4 percent. If the agricultural sector grows more than 3 percent, it is considered a great deal. Last year over there growth did not reach 1 percent because of a lack of water. If the agricultural sector grows 4.2 percent, I think the forcasts will be short. This sector affects prices a great deal. This causes problems and causes demand to rise - 2.3 percent of the price increases is caused by demand. The rest is caused by investment. This is more than half. The price of oil is higher than it was, and labor is higher. Salaries have been raised as well as the cigarette tax. I believe this is the result of investment, not demand. Attempting to block investment is difficult, but there is a way of reducing investment in agricultural products and animal feed by importing replacements, which would slow it down.

[THAN SETTHAKIT] What direction has the Central Bank taken in its policy on interest rates?

[Wichit] We do not want interest rates to rise further, but we have been concentrating on other areas especially foreign investment, which has been fluctuating rapidly. Therefore we must try to supervise it and begin to contain it at the next stage. If we find that it exceeds expectations, we will begin to strengthen measures somewhat. This will broaden the effect of the measures but will not limit the investment. With regard to interest rates in general, it is felt that they have risen enough and that therefore we must do many other things with regard to the credit system, bad loan reserves, maintaining a net foreign reserve balance, and the ratio of credit to deposits. This ratio is too high and is too risky. The average ratio is 119 which is thought to be high. Therefore anyone over that will have to reduce their ratio because according to the standard, 110 is appropriate.

This could be controlled in the private sector, but we do not do it because this is a small part of the system, and it has a high credit rating. We must let them reduce business investment somewhat. Big business must now find a way to get access to more inexpensive capital. The securites market and the debt market can help. Other countries are another source of inexpensive money. As for the 13.5 percent interest rate from commercial banks, I believe this is for investment in factory machinery because investment in that is greater - they do not have to use the securities market, the debt market or foreign borrowings. As for reducing interest rates, there is only one way, and that is by limiting commercial bank credit. But I believe this would be too stringent a method, and we would not use it. We would increase price but would not control quantity. They could ask for money, but it would be somewhat expensive. This way they could calculate capital needs correctly to see whether an investment was worth it or not. But if there were a shortage, they could not calculate correctly.

[THAN SETTHAKIT] If credit keeps expanding, what will happen?

[Wichit] If it is existing credit, it does not matter. Even if we should make a deadline at the end of the year, it is a continuous process. We must look at the trend and see at some point what the trend is. The Central Bank still evaluates this every quarter. Therefore from the standpoint of debt, we probably will not have to do much. We will let it subside according to the goal on its own if the figures meet the goal. I understand that in the last 7 months the amount of credit each month has increased from about 74 billion baht per month to 85 billion baht per month. Financial credit is also increasing but the rate of increase is slowing. The amount of money is increasing 4 billion to 5 billion baht per month. This is not considered minor, but if this increases more than necessary, we could do more. We could do many things. We have just begun to use the ratio of credit to deposits and non-resident accounts. The rules for interest still remain. The rule for net foreign reserve holdings still remains. The BIS ratio of 8 percent still remains. The ratio of reserves to bad debt still remains and by the end of the year will be increased from 75 percent to 100 percent also. We use this figure with investment companies already. You can see that in mid-year there are many different kinds of measures being applied, but they are distributed. If they were not distributed, where they were concentrated would appear to have too much.

[THAN SETTHAKIT] The "basket of baht" is something else for which financial managers are concerned the Central Bank might change the formula.

[Wichit] I do not think things will deteriorate that quickly, and we still have not been able to find something to replace it. There is no other way. We have been trying to do something since I joined the bank in 1967-1968. This was the first task for the experts, and they have been working on it for 27 years but have not finished because they still do not have anything to replace the dollar. America is still the country with the greatest economic size in the world even though it does not export or import 10 percent of its national income. As for the Central Bank still using the basket of baht, I think it is a system with few problems because, first, it is stable and does not change much. The markets in our country do not like rapid change. For change to be more rapid, the financial market, the debt market and the interbank market would have to be large, and they would have to work efficiently and be very stable. It is clear that we just began a market rate a few years ago. Generally we use credit from commercial banks. As a rule we do not use outside credit.

Therefore our interbank market has still not developed. We have tried to do this many times, but it has not happened because there have been many problems. The government controls this market. It is not very efficient. The government provides just one person. There cannot be others, and since there cannot be, there is no debt to buy and sell. In the past when our businesses were small, there were no big businesses to issue debt to trade. There was no one to buy it. People in general did not want it, and we did not have savers acting together as institutions. Now we have them, and we have many funds and big companies. The big companies have a great deal of excess cash which they are unsure whether they should deposit in a bank. They cannot deposit it in savings accounts or regular accounts because they do not know when they will need it. One solution is to buy debt on the short term debt market. Even if they buy a great deal, if they need the money, they can sell the debt. There is a market supporting this. Demand for this has developed as we have many institutions. We are beginning to do it. Both Malaysia and Hong Kong have complete systems because British trading companies settled there previously, and their populations are large. We have reached the point where we can do it. As for the basket of currency, it is stable, but what system do we want. When our system fluctuates a great deal, the people become alarmed.

Because people become alarmed easily, we must find a system which changes little. Therefore we must use a basket of currency. It does not change much. In the past when the exchange rate changed by 5 satang, the market became upset, but now when it changes 15 satang, no one complains. If this increases, we will get used to it in a short time. We may fluctuate more than this, but the average rate will be fairly stable. And now this is more likely. The money coming into the market is not fluctuating as much as it used to. Previously at the beginning and end of the year a great deal of money came in, but in mid-year it did not. There was a great deal of fluctuation. Now money comes in all year. There might be somewhat less in the middle of the year such as now because this is not a harvest time. The fluctuations would decrease if we set the exchange rate as Malaysia and Singapore do, but we are not at that point yet.

Second, the debt market is one which is growing fast, and it could buffer changes, currency rate moves and big fluctuations. If the dollar rose, the central government and the debt market could handle the flow. They would take in the money and buy and sell baht; this market could act as a buffer and not allow interest rates to fluctuate much. We must wait until we reach that point, but I am not yet able to conclude that we have to do this when we reach that point because in Hong Kong, for example, they are linked to the dollar 100 percent and have no problem. This is because they have a very open market. If we had a stable government, a stable currency system, a good economy, no inflation, regular currency flows, and a good interbank market, we could do as Hong Kong does.

[THAN SETTHAKIT] But when we use the basket of currency, what happens is that financial managers speculate on a daily basis.

[Wichit] There are still fluctuations. Now we have a problem with our current account balance. They have noticed this in other countries and think mistakenly that we are like Mexico. Those who make this mistake are going to lose because they will sell low. They will speculate incorrectly, sell low and buy high. Those who are confident are staying. But we must build confidence among the people and outside investors. The reason that we are able to attract a great deal of investment from Japan in the new wave is because they have confidence. At a time when there is political change and traffic is difficult, they still believe that this is the third most investment-worthy country after China and Vietnam.

[THAN SETTHAKIT] Does the Central Bank have any new thinking about the policy of opening up commercial banks? Will this be changed under the new Finance Minister?

[Wichit] In principle there is no problem. It is in the interest of the country. It is just that the new minister must study the details again to find out what it means and how it relates. In principle everything is interconnected. Therefore he must take time to study it a bit more in order to understand it. The basic issue concerns the new Thai banks. This passed the old cabinet and was submitted to become a Royal Decree. In fact considering the conditions we might not get all five banks because the conditions are difficult and not as appealing as they should be. In a little while, we will have the rule separating investment companies and securities companies from banks plus there will be an expansion of the scope of their business. What remains is just the matter of deposits. With just one more certificate they will be able to accept deposits and issue checks. This is the nature of the developments in the structure of the financial markets.

Establishing banks has become more difficult because it is not very natural. Those participating do not have a great deal of experience in banking. It brings many groups together, and if they have a position in business, it helps. This presents a very messy picture because of all the problems. They have to have a position in big business, they have to do business in the countryside, they cannot have a monopoly and cannot have past connections in banking. The rules for these people go on for seven to eight pages. What is difficult here are the political calculations of the Prime Minister. Therefore when so many conditions are created such as requiring them to have a business position, a large group and not to have a monopoly, then those acceptable will have to be the little guys. When you cannot have connections with old banks, you must have big offices in the countryside, and you must distribute 50 percent of the stock to the people, you have created difficulties.

[THAN SETTHAKIT] Some commercial banks are in such precarious positions that the Central Bank has had to send officials to supervise them. Will it be necessary to help them with special loans (soft loans)?

[Wichit] Probably not. It will be sufficient that the Central Bank helps by holding their stock. It will also help by improving their financial structure. We are not thinking about soft loans now, but this could be something else that we could try. What is most important is to supervise the executives and their qualifications. Many countries allow this. The Central Bank must consider whoever is appointed. Even the salaries are controlled. In Malaysia they control the salaries at the commercial banks. With regard to our supervision of the Bangkok Bank of Commerce (BBC), we have begun to a certain extent already. On the 28th of last month we met with the board of directors and made preparations for a new board. We have made plans to increase capitalization; at the beginning of next year it will probably be increased by 10.7 billion baht plus. The board of directors of the Central Bank and especially my group must agree to this. The directors are to be replaced. This will help with the supervision. This is a new method for in-house supervision. It is a method for closer supervision.

[THAN SETTHAKIT] Will this method be used on other banks?

[Wichit] It could be used anywhere. If it appears appropriate, we will not stop using it here. If it is necessary, we can use it again. But I have looked at the positions of the banks, and I say that they are improving. The profits are good. If they are well managed, there is no problem. The various profits are over 20 percent. I believe this is higher than the general standard because interest rates are 13 percent to 14 percent. These profits show that we are going in the right direction. The returns exceed the average interest rate and profits are high, but the margin is not that high. The margin is under a great deal of pressure. The funds coming in are not that great. Since we have maintained funds to back risky securities according to BIS standards, we have been under pressure.

[THAN SETTHAKIT] If commercial banks invest more in other businesses, how will the National Bank control them?

[Wichit] We try to prevent them from getting outside the financial system. We have had discussions with every bank and have set up a fremework for some banks to operate within. We have restricted the holding of stock. In fact this is the philosophy of some countries which do not allow it. For example some European countries do not allow it at all because they feel that in a banking business they should do banking. If they get involved in another business, it might affect the parent company. Even if it did not affect it, the feeling of the people is that when a subsidiary has a problem, the parent company will have a problem also. With regard to holding stocks in other entities (as nominee). we will have to consider it because there is no Thai law on nominee holdings. Korea has such a law and forbids nominee holdings. We will have to consider this and consider their behavior in giving credit. If it is suspicious and we feel it is above normal, we will have to establish regulations. We have begun to do this for many banks. If it is a financial business, we will permit it up to a point because we feel that it is a complimentary business. Regarding other outside businesses, we have been considering two factors. The most important factor is that the business should be related because if a business is holding too much stock of another business, when the business of the subsidiary encounters difficulties, the parent company is in trouble also. This is because the people feel that if the subsidiary has problems, the parent company might have problems also. And banking is not like other businesses because the goods used by a bank in conducting business are the deposits of the people. When the people panic, they withdraw all their money, and the bank collapses. Therefore this is a matter of appropriate security.

The second thing we must consider is monopoly powers because if banks operate everything as in Germany or Switzerland, those outside the bank groups will not be able to get credit. Everyone who wants credit will have to be in a bank group. The banks will have more power than is acceptable to society and more than the political system. In Germany terrorists killed a banker who had monopoly powers which were dangerous for the financial system, the economic system and to society. Politically this would be hard to accept in a democratic system.

Third, bank executives are generally the directors of subsidiaries and are stockholders. This provides special income to bank executives over what is appropriate. For example they borrow money from themselves which is not fair for society. This is something every country is cautious about. Banks can be involved in all businesses in only a few countries. Therefore we must make sure that banking stays within an appropriate framework which is as limited as possible. We must see to whom the remaining stock is sold and whether it is all or mostly sold to bank executives or not.

[THAN SETTHAKIT] Will this be taken care of in the overall financial plan?

[Wichit] We will have to see if it is necessary or not. This is considered a framework for operations, and we must stay within the framework. Many things we did were outside the framework of the law, and we had to use other powers. This has begun already, and we have to operate differently. For example we cannot allow more branches or increased capital. We can act if someone does not cooperate with officials. If it is a major offense, we can impose fines and punishment. The maximum punishment is to ask that the executives be changed. We have never done this because if we did it, there would be many problems -some banks might collapse. If we sent a letter asking the board of directors to change the executives and the news got out, the bank would collapse immediately. Whatever we do might jeopardize the institution. Therefore if there are to be changes, it will be done normally without officials ordering it. In other countries they generally have the power to determine the qualifications of executives. If the central bank does not accept them, it will not approve them even though there is no charge against them. With regard to their behavior, as ones who have investigated banks a great deal, we know about behavior and even if there are no charges, the qualities of a bank executive must be appropriate.

The Central Bank is now investigating more. It is investigating business groups. It is not difficult. Conducting investigations is easier in the area of finance and investment. The scope of the work is narrow. We do the same for all groups we check on. We invite them all for discussions as mentioned in the three items of our philosophy. Especially in the case of Thailand it has reached the point where the banks have such a large volume of business that we must investigate more closely than in the past. We must watch them closely from the beginning. For example in Germany the banks own all businesses. The banks own Mercedes Benz. Therefore we must try to have the banks provide financial services. Now although we have allowed banks to engage in some activities outside banking, we are trying to limit the financial sector, and we are trying to keep stocks out of banking itself. But here we have subsidiaries involved with stocks. There are many reasons for this: 1. they do not have much power in this area, 2. when there is a problem with stocks or business, this will not affect the bank itself but the subsidiary. In fact we have engaged in universal banking for some time but outside the basic business of the bank. Therefore this is a secure way to take care of the problem.

In any case in this age we must care for the public interest more closely. Banks have more power. They have more large investments. It is important that we consider new ideas, for example, a code of conduct and the responsibility of banking to society. These new ideas came up because through the business structure bank executives have more opportunities than others. They acquire a great many stocks. Therefore we must stress a code of conduct. These should not be considered regulations to be investigated. Everyone must have the opportunity to take advantage of all the services of commercial banks. Therefore we must look after the interests of all the people and not just the interests of bank owners or friends of the banks. This would not be correct according to international principles.

Therefore this is a period of change for the financial system. It has clearly changed since we opened it up. What we have seen is that since we opened it up, banking has become more difficult. In the past bank owners had the image of being rich people or businessman who were absent a great deal. Although the next generation of executives were all members of the family, they all became professionals. They were highly trained and got good educations abroad. They were generally thought to be effective. During the changes to the new era in another 4 to 5 years, it will be very clear who is professional, and the present bankers will have to be real professionals, otherwise they will not be able to keep up with others and will not be able to keep up with the outside world. In the past the bank experts for the foreign exchange markets were people who knew L/C. This does not do anymore because they must all be familiar with the exchange rate system which is a different story from the past. And they must know about financial obligations and risk avoidance. This is very different than the past. The new bankers must be real professionals.

Vietnam

Relations, Cooperation With Singapore Hailed

BK2709034495 Hanoi Voice of Vietnam in English 1000 GMT 26 Sep 95

[Station commentary]

[FBIS Transcribed Text] Singaporean Prime Minister Goh Chok Tong received Vietnamese Deputy Prime Minister Tran Duc Luong last weekend. Mr. Luong was in Singapore to attend the Fourth Summit of Europe and South Asia sponsored by the World Economic Forum and the Singapore Economic Development Bureau. Here is our radio's view:

Since joining ASEAN and signing the framework agreement with the European Union in July, Vietnam is gradually integrating into the region and the world. Vietnam has also been officially admitted into the ASEAN Interparliamentary Organization [AIPO] with National Assembly Chairman Nong Duc Manh elected as Vice President to the 16th AIPO Congress held recently in Singapore.

The Vietnamese Government's delegation led by Vice Premier Tran Duc Luong attended the Fourth Summit of Europe and South Asia, and senior ASEAN officials accepted to meet in Ho Chi Minh City on October 9 and 10. Particular attention was paid to Vietnam at the Europe and South Asia Summit in addition to the promotion of economic and cultural cooperation between Europe and Asia. There was a primary session at the conference on Vietnam being a new cousin of ASEAN.

Addressing the session, Vice Premier Tran Duc Luong introduced Vietnam's achievements in its course of renovation. He also highlighted the advantages and challenges that Vietnam has to face as well as concrete policies to further strengthen international investment and assistance. He extolled foreign investors for coming to Vietnam and affirmed that the Vietnamese Government would continue to create favorable condition for them.

Meanwhile, the Vietnamese Vice Premier also attended and spoke at the specialized meeting on the Mekong area and met with senior government officials from many countries.

Vice Premier Tran Duc Luong was warmly received by Singaporean Prime Minister Goh Chok Tong who highly valued socioeconomic achievements attained by Vietnam. Mr. Goh Chok Tong said that as other ASEAN countries, Singapore wishes that Vietnam would quickly become prosperous. He advised Vietnam to carefully study experiences of other ASEAN countries, including successful and unsuccessful lessons to promote economic development and bridge the economic gap between Vietnam and other countries in ASEAN. He highly valued Vietnam's success in attracting foreign investment and maintained that Vietnam should make use of its favorable image to attract more foreign investment. The advice and assistance given to Vietnam by Singaporean leaders, businessmen, and people show the positive development in friendly and cooperative relations between the two countries.

Singapore has led ASEAN countries in trade and investment in Vietnam. It is Vietnam's second biggest trade partner after Japan and is the fourth biggest investor in Vietnam.

Indonesia Works Out Contribution to Rice Bank

BK2609104695 Hanoi VIETNAM INVESTMENT REVIEW in English 11-17 Sep 95 p 4

[Report by Nquyen Nqoc Chinh]

[FBIS Transcribed Text] As one of only two net rice exporters in the region, Vietnam is likely to face demands for significant contributions to the Asean rice reserve, a safety net designed to catch any country in the seven-member organisation that finds itself suddenly falling short of food.

Asean countries have reportedly set a rice reserve fund of around 60,000 tonnes this year and Vietnam, as a new member, will be assigned its part of the fund at the next Asean meeting, scheduled for late this year in Bangkok.

Access to the fund will be reserved exclusively for emergency sales to other member countries in case of rice shortages.

Nguyen Cong Tan, head of the Ministry of Agriculture and Food Industry, said that Indonesia would help Vietnam work out its contribution to the fund, adding that it is an obligation of any member country to secure the region's food stability.

Although 1994 rice production in Vietnam doubled from the level in 1976, the country still has some problems with domestic supply. The rice export target for 1995 was cut to two million tonnes from 2.1 million tonnes the previous year. A two-month ban on shipments overseas was also ordered to stabilise rice prices in northern Vietnam. About 20,000 hectares of rice land have been converted for "other purposes" since 1985.

An estimated one million tonnes of rice were lost when floods wiped out nearly 1.5 million hectares of paddy fields in the Mekong delta in September and October of last year.

According to Professor Vo Tong Xuan, the deputy rector of Can Tho University in the Mekong delta, Vietnam needs to increase its current rice yield of 3.2 tonnes per hectare to an average 5.83 in order to meet the population demand in 2020.

However, Xuan told Vietnam Investment Review he believes Vietnam will fulfil its obligation to the Asean fund.

"If properly invested, rice fields in the productive Mekong delta will be able to achieve an average yield of at least 12 tonnes per hectare from new hybrid strains," Xuan said.

"Scientific research often requires large financial resources and, for the time being, Vietnam will have to rely on international cooperation and foreign investment to build up a strong agricultural industry based on the latest high-tech and intensive farming techniques."

Vietnam normally has a national food stock fund, estimated at 300,000-400,000 tonnes of rice, which is reserved for emergency food shortages in case of natural calamity.

Vo Van Kiet on 'New Page' in Lithuanian Ties

BK2709105895 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 27 Sep 95

[FBIS Translated Text] A state reception was held in Hanoi this morning to welcome the official visit by the Republic of Lithuania [ROL] government delegation led by Prime Minister Adolfas Slezevicius at the invitation of Prime Minister Vo Van Kiet. Prime Minister Vo Van Kiet; Minister Do Quoc Sam, chairman of the State Planning Commission; State Bank Governor Cao Sy Kiem, and representatives of some ministries, sectors, and central organs welcomed the ROL state delegation.

After the official reception, Prime Minister Vo Van Kiet warmly received ROL Prime Minister Slezevicius. Prime Minister Vo Van Kiet welcomed the official visit and wished it will be a success, and open a new page in SRV-ROL friendship and cooperative relations.

After the reception, the SRV state delegation led by Prime Minister Vo Van Kiet held talks with the ROL state delegation led by Prime Minister Slezevicius.

Regional Council Welcomes Nation as 'Full Member'

BK2709025095 Hanoi VNA in English 1502 GMT 26 Sep 95

[FBIS Transcribed Text] Hanoi VNA September 26 — Vietnam was declared as a full member of the Pacific Economic Cooperation Council (PECC) at its executive committee meeting in Beijing this morning.

The Vietnamese delegation to the 11th General Assembly of the PECC is led by Mr Doan Duy Thanh, president of the Vietnam Chamber of Commerce and Industry (VCCI) and chairman of the Vietnam PECC Committee (VNPECC).

Speaking on this occasion, Mr Doan Duy Thanh expressed his belief that Vietnam's membership would increase the cooperative ties between Vietnam and other regional countries as well as between Vietnam and China. He also said that Vietnam, as a PECC's full members, would do its best to further economic cooperation between Vietnam and other PECC member nations.

Foreign Minister Views ASEAN Developments

BK2509105395 Hanoi VIETNAM INVESTMENT REVIEW in English 7-13 Aug 95 p 6

["Exclusive" interview with Foreign Minister Nguyen Manh Cam by an unidentified correspondent; place and date not given]

[FBIS Transcribed Text] [Correspondent] Minister, what are the differences between last year's and this year's ASEAN Ministerial Meeting?

[Nguyen Manh Cam] Vietnam's entry to ASEAN is the main thing that differentiates this year's ASEAN Ministerial Meeting (AMM) from the one in Bangkok last year. This is considered the first step towards approaching the original goal of the founding fathers of ASEAN to establish an association of all the 10 Southeast Asian nations, which may come into being in the next two or three years.

The admission of Vietnam has been welcomed solemnly by all the participants at the AMM and ARF (ASEAN Regional Forum).

[Correspondent] What about the ASEAN Regional Forum (ARF)?

[Nguyen Manh Cam] It was the participation of Cambodia for the first time as an observer of ASEAN, bringing the total number of the participants to 19.

Plus, in the first ARF, the views on peace and security were only exchanged generally, while this year, we saw clearer goals of the forum, as well as specific steps of the ARF. The approach, as we agreed, is to express different opinions at the forum, so that we may bridge the gaps and get closer to reducing the risks to regional security and stability.

A clearer regulation for the forum was also approached with three steps, being promotion of confidence building, exercising preventive diplomacy and development of conflict-resolution mechanisms. This agreement makes sure that those countries that want to go slow will not be left behind and those that want to go fast will not be too far ahead .

[Correspondent] The Foreign Ministers released a joint statement after the AMM. What do you think are the most concerned points in this statement and in the ARF meetings?

[Nguyen Manh Cam] The joint statement does not deal with only security and stability issues in the region, but also economic matters which are mainly cooperation and development.

In the framework of the ARF, the Ministers exchanged views and concerns over the disputes on the Eastern Sea. We agreed that the conflicts of the Eastern Sea must be resolved through peaceful means, in accordance with the ASEAN Convention reached in Manila in July 1992 and international laws.

Apart from this, other issues such as the Korean peninsula and the nuclear testing in the Pacific were also discussed.

[Correspondent] What was the Vietnamese delegation's opinion concerning these issues?

[Nguyen Manh Cam] Our consistent view over the Eastern Sea conflicts is that all claimants should seek a resolution through peaceful measures, self-retaining, avoiding the use of force and threatening to use force, plus the solution must be in accordance with the international laws and the UN Convention on the Law of the Sea.

This policy is very much in conformity with the opinions of the international community and ASEAN member countries.

Concerning the nuclear testing, our policy is in favour of a world without nuclear weapons. We support all measures to develop 'a nuclear-free region. In December, the ASEAN summit may adopt a treaty for the establishment of a Southeast Asian Nuclear Weapons Free Zone.

[Correspondent] What do you think Vietnam contributed to the success of the meetings?

[Nguyen Manh Cam] Vietnam has for the first time taken part in the preparation for the meetings, since the ASEAN senior official meeting.

I, as Foreign Minister of Vietnam, made speeches at the meetings, clearly explaining our open and multilateral foreign policy, so that we can enforce the cooperation with associated and regional nations, which is also to push ahead our own development.

Everybody knows that Vietnam has fought for its freedom and independence. The renovation and economic reform today is also for the independence and freedom of the nation. Vietnam has brought into ASEAN its spirit of struggling for freedom and independence and made the association members highlight this spirit over the past few years.

We always express the desire to maintain peace and stability in the region and we, more than anyone else, desire to preserve peace and stability for development. Our willingness, as a full member of ASEAN, to specifically contributed to preserving and consolidating security were accepted by ASEAN and in conformity with ASEAN member countries and other participants in the ARF.

[Correspondent] What do you think is the key of the dynamic development of ASEAN and its influence over other major power countries in the world?

[Nguyen Manh Cam] It's the unity of ASEAN within the limits of respecting the diversity of each nation. The members never intervene in the internal affairs of others. There may be an arbitrating body for a conflict between two members but the final resolution will always be reached by the two themselves. Because of its political and economic influence, it has gathered together all the world's major powers: the United States of America, the European Union, Japan, China, Russia, Republic of Korea, Canada and Australia.

[Correspondent] In a dinner on July 31, hosted by Brunei's foreign minister, you and the US Secretary of State Warren Christopher met. What did you talk about?

[Nguyen Manh Cam] It's true that we met and discussed a few ideas about the framework that we will discuss in Hanoi, including the specific details of the establishment diplomatic relations and the opening of embassies.

Mr Christopher expressed his satisfaction that Vietnam and the United State have normalised diplomatic relations.

[Correspondent] Sultan Hassanal Bolkiah said in his keynote address that he hoped, during the ASEAN summit in Bangkok in December this year, ASEAN leaders will agree to reduce the time frame for the full implementation of AFTA [ASEAN Free Trade Agreement] by 2000. Do you have any comments?

[Nguyen Manh Cam] I think the Sultan has his own reasons to announce this. Perhaps he is sure that Brunei and some other members can complete the lifting of trade barriers by then, but the idea has never been discussed within ASEAN meetings.

This needs further discussion. For Vietnam, ASEAN members have agreed to grant us a later deadline of 2006, I think we should, for now, just stay with that.

Hanoi Sentences Lao Heroin Smuggler to Death

95P30163A

[FBIS Editorial Report] The 1 July Hanoi HANOI MOI reported on page 4 that on 30 June, the Hanoi People's Court sentenced Siang Pheng, a 36-year-old Lao citizen, to death for smuggling 15kg of heroin into Vietnam. Siang Pheng, a native of Sop Nao Village, Meuang Mai District, Phong Saly Province in Laos, pleaded guilty to the charge. The court ordered confiscation of the car which was used in the smuggling and of the 68,300 Lao kip carried by the defendant, as well as destruction of the heroin seized.

According to the paper, on 18 January, a Toyota with the license number 0054 [not a Vietnamese auto license] driven by Siang Nong, was stopped by the Interior Ministry's Special Police for a traffic violation. While searching the car, police discovered heroin in the form of 37 rectangular white powder bricks weighing 350 grams each, with the number "999" impressed on one side, and a red logo featuring two rampant lions around a globe, some English words, and the figure 100 percent printed on the other side. Six 330-gram packages of lose 'white powder' in plastic bags with a similar logo were also found. The bricks and packages weighing 15.05kg were hidden under the rear car seat, inside the car doors, and in the air filter. The Interior Ministry's Criminology Institute reported that 43 samples were analyzed and revealed different levels of purity. The amount of 100-percent pure heroin contained in the bricks was estimated at 3.632kg.

Vo Van Kiet Urges Reorganization of Shipping

BK2609105695 Hanoi VIETNAM INVESTMENT REVIEW (VIETNAM SHIPPING TIMES SUPPLEMENT) in English 11-24 Sep 95 p 1

[Report by Hoai Van]

[FBIS Transcribed Text] Vietnam's 3,200-kilometre coastline, its many large ports and millions of people who earn a living from the sea, would suggest that the nation has a modern shipbuilding capacity.

In fact, the country lacks a single international standard shipyard; large ships of the Vietnamese fleet are either bought or hired from foreign countries such as Thailand, the Philippines, Taiwan, Indonesia, Korea and China.

In a recent interview, Prime Minister Vo Van Kiet attributed the weakness of Vietnam's shipbuilding industry to "fragmented and scattered investment" which, he said, "has restricted the capacity of building and fixing large ships, making it impossible for us to catch up with other advances in the world in this particular field."

In addition, Prime Minister Kiet called for the "reorganisation and redevelopment" of this sector of Vietnam's maritime industry "to meet the great and diversified demands of markets — both in Vietnam and abroad."

The growing markets of Vietnam demand a higher volume of ships capable of handling domestic and international shipments. "The opportunity to develop Vietnam's shipbuilding industry cannot be passed by given the increasing demand for transport," Premier Kiet said.

To build and develop the shipbuilding industry into a key industry, able to satisfy the socio-economic changes in Vietnam, the Prime Minister asked all ministers and leaders of related Government branches to prioritise an improved shipbuilding industry which so far "has been neglected and left afloat."

Kiet encouraged different forms of joint venture partnerships, and recommended that financial institutions sell bonds to mobilise capital and locate the skilled manpower necessary to upgrade the sector. The premier also urged cooperation with foreign countries, especially those in Scandinavia, famous for their experienced shipbuilders and maritime technology. Kiet's decision to set up the Vietnam Shipbuilding and Repairing Corporation incorporates the three major shipbuilding and repairing centres in the country's three key economic zones. When Vietnamese-made ships can guarantee their seaworthiness, an export market could develop, bringing in millions of dollars of capital essential to the nation's restructuring.

Delegate Discusses Border Talks With PRC

952E0103 Hanoi TUAN BAO QUOC TE in Vietnamese 2 Aug 95 pp 1, 4

[Interview with Hoang Nhu Ly, chief, Foreign Ministry China Department, by TUAN BAO QUOC TE; place and date not given: "Third Round of Governmental Talks on Vietnam-China Territorial Borders"]

[FBIS Translated Text] *In Beijing, the third round of the governmental-level talks on the issue of territorial borders between Vietnam and China took place from 11 to 13 July 1995. TUAN BAO QUOC TE has interviewed a member of our delegation, Hoang Nhu Ly, chief of the China Department of the Ministry of Foreign Affairs, on a number of related issues.*

[TBQT] Can you tell us about the third-round governmental-level talks on the issue of Vietnam-China territorial borders, which took place in Beijing last week?

[Ly] At the talks, the two sides reviewed the recent technicians-level talks on land borders and on the Gulf of Tonkin delineation, recognized the positive results that have been reached, and discussed the measures to be taken to speed up the negotiating process. The Vietnamese side presented the total view that Vietnam has adopted in regard to the issue of delineating the Gulf of Tonkin.

[TBQT] On 14 July, the Chinese newspaper, People's Daily, reported on the talks and said that the two sides "officially set up a team of technicians on the China-Vietnam sea issue and started bilateral talks on the Nanshia (Spratly Islands) dispute." Can you comment on this?

[Ly] A positive result of this round of talks was the fact that the two sides officially set up a team of technicians dealing with the sea issue, in accordance with an agreement between the high-level leadership of the two countries, and exchanged ideas about the work and work mechanism of this team. According to the Vietnamese side's understanding, the sea issues that the team will discuss include those having to do with the Paracel Islands and Spratly Islands.

[TBQT] Beside the territorial borders issue, what other issues in the bilateral relations did the two sides discuss?

[Ly] Vice Ministers Vu Khoan and Duong Gia Trien also exchanged ideas about and agreed on the measures that would improve the relations of cooperation and friendship between the two countries, particularly those of economic and trade cooperation. The two sides hoped that the first meeting of the Vietnam-China Economic and Trade Cooperation Committee next fall would obtain positive results so as to contribute to bringing the economic and trade cooperation relations between the two countries to a new height.

Meeting Reviews Work of Past Term

952E0102 Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 25 Jul 95 p 1

[Article by Ha Linh Chi: "Fifteenth Conference of Municipal Party Organization Executive Committee, 5th Term, Ends Following Active Discussions, Many Ideas Contributing to Drafting A Political Report for the 6th Party Organization Congress"]

[FBIS Translated Text] The 15th conference of the 5th-term Municipal Party Organization Executive Committee came to an end yesterday, 24 July 1995, afternoon after 4 days of work, 1 day longer than the original schedule.

The conference held active discussions and confirmed the municipality's obvious progress and encouraging achievements during the term of the 5th Party Organization Congress. Many participants analyzed the facets that were still weak and the work that remained unachievable, and emphasized the shortcomings that had been considered alarming in the sociocultural field. Many others referred to the lessons that had been learned in the past term and, on the basis of the reality and the party's common lessons, drew practical lessons that had a realistic significance for its leadership and management, as well as for building a strong party organization.

The conference of the Executive Committee reviewed the entire evaluation of the situation and determined the direction to take in the next 5 years, with discussions being concentrated on eight issues of fundamental significance, namely, the general objectives in the time to come; realization of industrialization and modernization; development of the multicomponent economy; the municipality's economic structure; level of growth and key economic sectors; cultural, ideological, security, and national defense issues; and party building.

Almost all speakers who offered their ideas analyzed the contradictions that would need solving and the favorable conditions and difficulties that had been encountered in the effort to move the municipality forward. Citing the conclusions of the 8th National Party Congress on the four dangers, many participants emphasized the need to remain vigilant in the face of the adversary forces' plots against our people, which were carried out through very meticulous and complicated peaceful events; emphasized that we resolutely fight against bureaucracy, corruption, and other negative ills; and said that we should maintain the nation's independence, sovereignty, and the path to socialism as set while trying not to be subjective and vague. All speakers asserted the importance of party building and put it at the level of political tasks, i.e., to build the party in terms of its political, ideological, and organizational aspects and at the same time to pay utmost attention to building the Communist Youth Union, linking it to the worker class, and achieving all-people solidarity. To raise the state's managerial capabilities and effectiveness was considered an urgent need aimed at ensuring the fulfillment of socioeconomic goals and continuation of the socialist path. Those who attended the conference expressed their great interest in ideological and cultural work, special attention to party members' training, and opposition to the tendency to spontaneously develop capitalism and individualism, which they considered a danger leading to opportunism and other wrongdoings.

The conference of the Executive Committee assigned the Standing Committee of the Municipal CPV Committee the task of collecting the ideas brought forth at the conference, revising the draft document before presenting it to the party organizations for discussion, and moving toward a complete draft to be presented to the 6th Municipal Party Organization Congress to be convened in early 1996.

Article Deplores Economic Crimes, Corruption

952E0099A Hanoi QUAN DOI NHAN DAN in Vietnamese 10 Jun 95 p 2

[Article by Chu Van Chi, MA, Criminology Institute: "The Problem of Organized Crime in the Economic Domain In Our Country At Present"]

[FBIS Translated Text] According to the SRV Criminal Code, organized crime is a form of collective crime involving close collusion among the perpetrators, but the kinds of perpetrator, the forms or organization, the extent of collusion, and the scope of offense differ depending on each specific sort of crime. Organized crime is not a new social phenomenon for the world as well as for Vietnam. In our country, this problem has been given scant attention and seldom considered thoroughly in various domains in which organized crime is committed. Instead, only some of its aspects have been dealt with in a number of specific criminal offenses. Since organized crime is a complex social phenomenon, it cannot be examined only as an association of professional criminal gangs, groups, and factions. In particular, during the transition from the subsidized, centralized economy to the commodity-based market economy and open-door policy, organized crime has taken on new characteristics, has become increasingly prevalent, and has caused extremely serious consequences. According to recent crime reports, there has emerged a new feature, namely the appearance of international organized crime in Vietnam, which has hurt the national socioeconomic system.

The growing collusion among criminal elements, which has resulted in the formation of channels, teams, gangs, and groups, is causing concerns to all society. Reality has shown the particular seriousness and characteristics of organized crime, which is a collective offense having great economic consequences and posing dangers to society.

In the economic domain, organized crime has its own characteristics compared to other types of crime. Reality has shown that large-scale organized crime usually involve criminal channels and groups connected with state cadres and officials. If in the past organized crime occurred mainly in the sectors and units directly dealing with money, materials, goods..., this kind of wrongdoing is now taking place even in the branches and sectors doing staff, leadership, and managerial work. These elements collude and associate with one another in all forms and with criminals in society to perform many sophisticated and complicated tricks. They rely on and protect one another, create conditions for one another to carry out unlawful activities, and seek all means to neutralize all forms of social control and punishment.

The mounting seriousness of organized crime is reflected in the fact that, while the number of cases causing insignificant damage tends to decrease, the number of cases resulting in substantial losses is increasing, a fact that is causing great pain to society and angering the people from all walks of life. According to the figures already reported, more than 80% of all economic criminal cases (corruption, bribery, intentional transgression of state policies, abuse of confidence...) have been well-organized offenses that were extensive in both scale and scope, many of which reached the "intersector" and "interprovincial" levels and involved "coordination" between people in and outside state organs, between various components and organizations, and between the upper and lower echelons. Compared to the 1970's, the number of such well-organized crimes has increased three to three times and a half.

During the years of state subsidies, owing to the characteristics of the then socioeconomic system, organized crime had not really become a concern of all society. It often remained hidden "in the dark," trying to "camouflage" itself, and few people dared to behave ostentatiously or to show that they had become rich overnight (by building villas and purchasing luxury conveniences). The forms of offense consisted mainly of corruption, speculation, violation of the distribution system.... In reality, outwardly these law violators were hardly distinguishable from ordinary citizens, and they were classified as elements with "unclear sources of income." In recent years, after the economy changed its direction and developed in accordance with the market mechanism, after the polarization of society became accentuated and profound, and after egalitarianism in distribution was gradually eliminated, these scofflaws have colluded with one another to openly and unlawfully enrich themselves and overtly live in debauchery, showing total disregard for the law. The forms of crime have also become more diverse, the violations have increased in scale and scope, and their consequences have been more extensive. In their transgressions, the violators have fully taken advantage of all loopholes in policies and managerial work and have made use of modern means and techniques and sophisticated methods, causing difficulties to suppression activities.

These criminal "collectives" or "groups" are usually connected and in cahoots with cadres holding definite positions who used their power and influence to directly engage in illegal business together with criminals. Or these cadres can indirectly participate in unlawful activities by providing a protective "umbrella" for their accomplices' operations in order to share their profits. Typical of these practices are their machinations in the distribution of capital construction funds, the awarding of construction contracts, the granting of export-import licenses....

Organized crime in the economic field is also closely related to the making of faked goods, the buying and selling of banned products, and smuggling. Reality has shown that although the number of state cadres and personnel directly taking part in smuggling has decreased somewhat, their collusion with, aid to, and protection of smugglers are still prevalent and have diverse forms, especially in various rail, air, and sea transportation lines.

A particularly prominent feature of organized crime in the economic domain is the fact that violators often show total disregard for official procedures and policies and flout the rules and regulations although they may clearly understand and have a very firmly grasp of them. These ringleaders bestow special privileges on themselves and form groups to serve their own interests, transforming their agencies into "off-limits areas" and "private territories" to carry out their operations and ready to eliminate those who refuse to toe their line or who have no "connections" to lean on.

Another characteristic is that illegitimate self-enrichment endeavors are normally closely linked with the efforts to consolidate personal positions, which usually gives rise to authoritarianism, bureaucratism, and the practice of flattering one's superiors while bullying one's subordinates.

Analysis has shown that the struggle against organized crime in the economic field is also closely linked with the struggle against corruption.

The struggle against and prevention of organized crime in all domains, especially in the economic field, is a process closely linked with the struggle against corruption and other crimes and requiring the uniform application of a combination of various socioeconomic and legal policies.

First of all, it is necessary to root out the causes of organized crimes in the mechanism, policies, and management, which are full of loopholes and deficiencies that must be overcome and corrected to make socioeconomic policies and measures consistent and uniform.

Subjectively, we must intensify ideological education, carry out rectification and struggle right in the internal ranks of each sector, each level, and each unit. Especially with regard to degenerate, deviant elements organizing themselves into associations and groups to engage in illegal business operations and to enrich themselves by all means, they must be resolutely dealt with and disciplined.

We must strengthen the efforts to expose crimes and to investigate and try criminals. We must step up inspection of, control over, and investigation into organized criminal activities in the economic field, and increase professional surveillance measures to unmask gangs and groups of professional criminals and hoodlums, wanted persons, escapees from reeducation camps.... We must severely and promptly try every member of such gangs and groups according to the nature and extent of their crimes in order to deter and educate others and to firmly maintain state law and order.

It is also necessary to study the methods used by some other countries so that we may devise correct measures. For example, in France, in addition to enacting a law against corruption, especially against organized crime in the economic domain, the government has also required that state officials declare their property when they first assume their official positions, and that incumbent officials explain the sources of their wealth.

Nuclear Power Plant Preparations Reported

952E0098A Ho Chi Minh City TUOI TRE in Vietnamese 1 Aug 95 ; p 4

[Article by Huu Thien]

[FBIS Translated Text] Research on the construction of a nuclear power plant in the long-tern plan is one of the two main targets of the study "Research on a Strategy To Develop Science, Technology, and Nuclear Energy in Vietnam." Although it will be another 20 years before the first nuclear power plant is built in Vietnam, preparing manpower for this will not be easy.

3,000, Where To Find Them

With the forecasts about the speed of development of science, technology, and energy needs (which will reach 100 billion KWh or more) in the next 20 years, according to the authors of this study, a nuclear power plant will contribute to varying our energy sources with an optimum combination between thermal-electricity, hydroelectricity, and nuclear power. At the same time, this will also help preserve the country's valuable oil and gas resources so that these can be used for other purposes instead of having to be "sacrificed" for use by thermo-electricity plants. On the other hand, nuclear power is a clean source of energy that does not produce smoke, dust, or other types of noxious gases like thermo-electricity. And unlike thermo-electricity, it does not pose a danger in terms of changing the balance of the ecosystem. Naturally, attention has been given to dealing with [nuclear] waste and maintaining safety at the nuclear power plants with respect to the environment based on using the advanced technology of the world in this sphere.

The preparation of a plan dealing with the construction of a nuclear power plant in Vietnam will continue in 1996 by conducting careful studies so that this can be submitted to the government (with input by foreign specialists) by 1998. Professor Cao Chi (Institute for Nuclear Science and Technology), the principal author of the above study, said that "if this is approved, obtaining the necessary $1.5-3 billion in investment capital won't be a problem. The problem will be preparing the necessary manpower. Twenty years from now, today's nuclear specialists will 'be finished.' Thus, we need to start preparing a new rank of specialists starting now."

But nuclear power plants will need not only engineers who are specialists in nuclear physics but also specialists in the fields of nuclear energy economics, geology, environmental issues, and the law. About 200 technicians will be needed (half of whom will have to be trained abroad). In particular, according to Professor Cao Chi, tomorrow's nuclear physics engineers need 8 years of training: 6 years at college (here and abroad) in order to "gain a thorough knowledge" and 2 additional years in on-the-job training at a nuclear power plant. The difficulties are enormous, with the first thing being to improve the quality of the training so that it is up to international standards. A news source said that having nuclear power plants will require 3,000 nuclear specialists. If that is correct, training that many specialists and keeping them at the plants will be a real challenge. This means that the decision to build a nuclear power plant must be linked to specific policies in order to encourage more youths to enter the nuclear field and to stop the "brain drain," which is happening among specialists in this sector.

Achieving a Balance Will Be Difficult

In recent years, for various reasons the number of nuclear specialists in the research and development organizations subordinate to the Vietnam Institutes of Nuclear Energy (the Nuclear Science and Technology Institute, the Rare Particles Technology Institute, the Dalat Nuclear Research Institute, and the Ho Chi minh City Nuclear Technology Center) has declined from 750 to 600. Let's look at a small research unit as an example. The nuclear electronics laboratory at the Dalat Nuclear Research Institute presently has 14 people (13 engineers and 1 person with an MS degree) as compared with 29 people in 1984 (which included three people with MS degrees). According to Dr. Tran Ha Anh, the director of this institute, the greatest threat to the development of the Vietnamese nuclear industry continues to be the brain drain. At the same time, in trying to find young people to replace them, we have run into the greatest obstacle of all: the staff. Each year, this institute must add approximately 10 specialists. But since 1990, it has been very difficult to recruit young engineers because of failing to "open" the staff.

Input is restricted, and output continues to be lost. At the same time, the age of those who hold positions continues to increase. As Pha Dinh Khang, MA, an instructor in nuclear physics and physics at Hanoi University, warned at a conference to commemorate 10 years of safe operations at the Dalat nuclear reactor: "Almost all of our country's nuclear cadres are over 40 years old. But the number of students who are studying nuclear physics is declining."

He also told us that Hanoi University established the nuclear physics department in 1980. Eleven years later, it was "downgraded" from a department to a section within the physics department. Today, each year at Hanoi University, only about 10 students elect to study this subject. (At Ho Chi Minh City University, during the past 2 years only six-seven students a year have entered this field.) Also, little money has been invested in this section at a time when many other sections continue to teach useless subjects having to do with such things as neutron physics, reactors, and accelerators. This is something that also concerns Professor Nguyen Tien Nguyen, the head of the Vietnam Atomic Energy Institute: "In talking about sources of manpower, it's not just a matter of the number of people. We must constantly increase the number of people with specialized knowledge. In this sense, manpower for Vietnam's nuclear industry will continue to decline, because people will continue to leave the industry, those in the industry are growing older, and our knowledge is still backward as compared with others in the world."

Thus, there could be a manpower crisis not only in supplying cadres and technicians for the nuclear power plant if the government approves this plan but also in providing people for Vietnam's nuclear sector regardless of whether this plant is built. If nuclear science and technology is viewed as one of the country's special industries in the new stage, clearly, promulgating specific policies is something that must be done very soon in order to prevent a manpower crisis in this sector as we approach the 21st Century.

TAP CHI CONG SAN

TAP CHI CONG SAN for July 1995

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Press Ethics Rules Published

953E0018C Hanoi TAP CHI CONG SAN in Vietnamese Jul 95 No 7, p 10

[FBIS Translated Text] 1. The highest objective of the Vietnamese press is to support building and defending our socialist Vietnamese fatherland. Regardless of the sphere or environment in which they are working, reporters must focus on this lofty objective.

2. The press must adhere to the information rights of the people. Reporters must be objective and honest and respect the truth. Every piece of information published must accurately reflect the objective truth in that social environment. They must not distort the facts. Reporters are responsible for providing the public with a true picture of the events and situation and, through this, guide public opinion.

3. The press is an essential means of information in social life and a cultural tool. Reporters who respect and practice freedom of the press have a responsibility to society and to the people and are free to practice their profession within the framework of the law. Reporters must adhere to the principles of press organizations: Regardless of the pressure put on them, they must never act contrary to the highest objective of the Vietnamese press or do anything harmful to the interests of the country.

4. Along with freedom of information, the right to respond and to refute something in the press is a principle for having freedom of the press. Reporters have the right to adhere to their views and present accurate information, but they must respect the people's right to respond and refute things in accord with the law.

5. Reporters have an obligation to protect their news sources and keep the secrets provided by others in accord with the law.

6. The Vietnamese press must manifest the national culture. At the same time, it must respect other cultures and the widespread spiritual values of mankind. It must strive for great national solidarity, peace, friendship, and understanding among the peoples and nations in the world.

7. Reporters must contribute to developing the public interest, respect human rights, and not use information to hurt people or harm the interests of other people.

8. Reporters must always maintain good quality. They must never do things for commercial motives. They must never disclose or fail to disclose something for personal interests. Reporters must not use the prestige of their profession to profit personally.

9. Reporters must respect the political views and the social and professional viewpoints of their colleagues. They must have solidarity, cooperate with, and help each other in activities and daily life. They must wage an uncompromising struggle against all actions that are harmful to the interests of the country and people and that are contrary to press ethics.

10. Reporters must lead a wholesome and civilized life, have a thirst for knowledge, and humbly struggle to make progress. Every reporter must constantly strive to improve his professional capabilities and raise his standards.

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Australia

Keating Warns Against Excluding Agriculture

BK2709043795 Melbourne Radio Australia in English 0100 GMT 27 Sep 95

[FBIS Transcribed Text] The prime minister, Paul Keating, has warned that the Asia-Pacific Economic Cooperation [APEC] forum could be paralyzed if agriculture is excluded from the push for free trade. Fiona Halloran reports that the warning came during a keynote address to a Sydney conference organized by the Committee for Economic Development of Australia:

[Begin recording] [Halloran] Paul Keating will make his fourth visit to Japan as Australian prime minister in November when the leaders of APEC's 18 member countries meet in Osaka. While singing the praises of APEC and its agreement for free trade in the Asia-Pacific area by 2020, Mr. Keating warned Japan and Korea against pushing for the exclusion of agriculture from trade liberalization. He told the Sydney conference such a move could lead to the exclusion of other sectors and the paralysis of APEC. He then called on the Asia-Pacific region to stick with APEC:

[Keating] In this regard, the Osaka meeting in November will be a real test of Japan's capacity to look beyond sectoral preoccupations and to give a lead to the countries of this region. [end recording]

Air Agreement Signed With Macao for Flights

BK2709071695 Melbourne Radio Australia in English 0500 GMT 27 Sep 95

[FBIS Transcribed Text] Australia and Macao are increasing their air links with the signing of a new agreement. The deal allows each country's airline to run three flights a week on the Australia-Macao route.

Federal transport minister, Laurie Brereton, said the agreement has the potential to give Australian carrier greater access to Asian markets. Mr. Brereton said the arrangement also used flexibility for Australian airline to link Macao with other points in the Asia Pacific region and Europe.

Commentary Views Economy in Papua New Guinea

BK2509144595 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 14 Sep 95 p 19

[Commentary by Rowan Wallick: "Keating Could Have Some Advice For Chan"]

[FBIS Transcribed Text] During Paul Keating's stay in Papua New Guinea [PNG] this week, there is one clear piece of advice he should offer his fellow Prime Minister, Sir Julius Chan: declare a republic. A banana republic.

For Sir Julius a few days ago told the country his Christmas forecast that PNG would be "flush with cash" would come true in October.

"We have been exposed to the frontiers of political, economic and natural disasters," within the past 12 months, he said. Now the payoff.

And he's right. To counter its foreign exchange crisis, PNG's foreign friends — led by Australia — have come good with a $466 million [Australian dollar] program. Construction of the $1.1 billion Lihir gold mine will further boost the economy, especially in Sir Julius's constituency where Lihir is located.

Its float next month should be profitable for staggers but may require a strong stomach for longer-term investors in the next couple of years, for reasons well beyond the control of the developers.

Sir Julius also wants to sell up some of the Government's mining and oil equity, valued by McIntosh at almost $1 billion. The "doom and gloom peddlers", he says, have been proved wrong again.

And some tough decisions have been made, including the constitutional shake-up of PNG's provincial government structure, on which the jury must remain out for a year or two yet. In this, we reach the heart of the country's central dilemma: the failure of core government services that are the prerequisite for broad-based investment growth. Without this growth, the "sori, nogat wok" (sorry, no jobs) signs that so demoralise PNG's vast army of jobless youth will remain fixtures.

PNG has had its share of bad luck. But its central problem has been one of leadership. Now is the true testing time of the calibre of Sir Julius, PNG's most enduring politician. He can either:

— Tell the World Bank he is co-ordinating its structural adjustment program, that domestic opposition prevents implementation of crucial elements, but spend the cash anyway, peddle joy and glory, and win the 1997 election, or

— Focus on selling pain for gain defy the buoyant expectations of his parliamentary colleagues and appeal beyond them to a rural majority whose own expectations have become reduced to the PNG equivalent of winning Tattslotto — having oil, gold or accessible timber found on their land.

Australian non-government organisations are among those effectively pointing to the former alternative. A Community Aid Abroad director wrote here on Tuesday [12 September]: "Reforming the World Bank has been compared to turning around a passenger liner". True, but it's proved easier than turning around the entrenched '70s attitude of Australian NGOs [nongovernmental organizations].

PNG's leaders have much to learn from their counterparts in Fiji, the region's most successful country. Earlier this week, I spoke at the Australia-Fiji Business Council meeting in Queensland where Trade and Investment Board chairman, Mr Peter Lee, said policies "must focus on export orientation, reducing the size of the public sector and ensuring competition to achieve internationally competitive prices." No need for an adjustment program there. They've got the message.

Meanwhile I'm doing my own bit to bolster PNG's foreign exchange, taking a fortnight's family holiday here once Keating has flown out. Whatever the state of its economy, the people are friendly, the country beautiful ... and bananas are plentiful.

French Polynesia

French Authorities Seize Greenpeace Ship

BK2709042595 Melbourne Radio Australia in English 0100 GMT 27 Sep 95

[FBIS Transcribed Text] French military authorities say they have seized the Greenpeace ship, the Vega, after it breached the 12- nautical mile exclusion zone around the Mururoa atoll nuclear test site. The 14-meter ship was seized by the frigate, Nivose, about 9.5 nautical miles from the atoll.

A spokeswoman for the military said there were about 23 people aboard the vessel, including former Greenpeace director, David MacTaggart and Yvette Temaru, half-sister of Tahitian independence leader Oscar Temaru.

Greenpeace still has its base ship, the schooner Manutea, and the power boat in the area.

New Zealand

Bolger Concerned at UK 'Silence' on Testing

LD2709084995 Wellington Radio New Zealand International in English 0700 GMT 27 Sep 95

[FBIS Translated Text] The prime minister, Jim Bolger, has received a high-level explanation over Britain's silence on the resumption of French nuclear tests in the South Pacific. Mr. Bolger met Britain's secretary of state for Northern Ireland, Sir Patrick Mayhew, in Wellington and expressed concern about the UK's silence on the issue. Sir Patrick has reiterated Britain's position on the tests and says it is committed to the comprehensive test ban treaty.

[Begin Mayhew recording] As to the matter which I understand very well, of course, is a matter of anxiety here in New Zealand and elsewhere in the Pacific, we believe that that is essentially a matter for the French Government and we are pressing hard for an early signing of that treaty. [end recording]

Sir Patrick also gave Mr. Bolger an update on the peace process in Northern Ireland.

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